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82D CONGRESS
2D SESSION

H. R. 7005

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 1952

Mr. RICHARDS (by request) introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To amend the Mutual Security Act of 1951, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1952".

5 SEC. 2. The Congress welcomes the recent progress in
6 political federation, military integration, and economic uni-
7 fication in Europe and reaffirms its belief in the necessity of
8 further vigorous efforts toward these ends as a means of
9 building strength, establishing security and preserving peace
10 in the North Atlantic area. In order to provide further
11 encouragement to such efforts, the Congress believes it essen-

1 tial that the Mutual Security Act of 1951 (22 U. S. C.
2 1651-1712), as amended, should be so administered as to
3 support concrete measures for political federation, military
4 integration, and economic unification in Europe. Appropria-
5 tions made pursuant to paragraphs 101 (a) (1) and 101
6 (a) (2) of that Act, as amended, may be used to furnish
7 assistance (including, in the case of amounts available pur-
8 suant to paragraph 101 (a) (2), transfers of funds) pur-
9 suant to the applicable terms and conditions of the Mutual
10 Defense Assistance Act of 1949, as amended, and the Eco-
11 nomic Cooperation Act of 1948, as amended (22 U. S. C.
12 1501-1522), respectively, to any organization of nations
13 which are covered by title I of the Mutual Security Act of
14 1951 which is established for purposes of collective self-
15 defense in accordance with the provisions of the United
16 Nations Charter, or to any other organization, association,
17 or grouping of such nations which, in the opinion of the
18 President, makes a significant contribution toward political
19 federation, military integration, or economic unification of
20 such nations.

21 SEC. 3. Title I of the Mutual Security Act of 1951 is
22 amended as follows:

23 (a) At the end of paragraph 101 (a) (1) add the
24 following new sentence: "There is hereby authorized to be
25 appropriated to the President for the fiscal year 1953 not to

1 exceed \$4,145,000,000, for assistance pursuant to the pro-
2 visions of the Mutual Defense Assistance Act of 1949, as
3 amended (22 U. S. C. 1571-1604) to countries eligible for
4 assistance under this paragraph; and in addition unexpended
5 balances of any appropriations heretofore made pursuant to
6 this paragraph are authorized to be continued available for
7 their original purposes through June 30, 1953, and to be
8 consolidated with the appropriation hereby authorized.”

9 (b) At the end of paragraph 101 (a) (2) add the
10 following new sentence: “There is hereby authorized to be
11 appropriated to the President for the fiscal year 1953 not
12 to exceed \$1,819,200,000, to carry out the purposes and
13 provisions of this paragraph; and in addition unexpended
14 balances of appropriations heretofore made pursuant to this
15 paragraph are authorized to be continued available for their
16 original purposes through June 30, 1953, and to be con-
17 solidated with the appropriation hereby authorized.”

18 (c) In subsection 101 (b) after the word “section”
19 where it first appears insert the words “for the fiscal year
20 1952, and not to exceed 5 per centum of those granted for
21 the fiscal year 1953,”.

22 (d) Add the following new subsection:

23 “101. (c) Unexpended balances of appropriations made
24 available for assistance to Spain pursuant to this section by
25 the Act of October 31, 1951 (Public Law 249, Eighty-

1 second Congress), are authorized to be continued available
2 until June 30, 1953."

3 SEC. 4. Title II of the Mutual Security Act of 1951 is
4 amended as follows:

5 (a) At the end of section 201 add the following new
6 sentence: "There is hereby authorized to be appropriated to
7 the President for the fiscal year 1953 not to exceed \$606,-
8 370,000, to carry out the purposes and provisions of this
9 section; and in addition unexpended balances of any appro-
10 priations heretofore made pursuant to this section are author-
11 ized to be continued available for their original purposes
12 through June 30, 1953, and to be consolidated with the
13 appropriation hereby authorized."

14 (b) At the end of section 203 add the following new
15 sentence: "There is hereby authorized to be appropriated
16 to the President for the fiscal year 1953 not to exceed
17 \$196,000,000, to carry out the purposes and provisions of
18 this section; and in addition unexpended balances of any
19 appropriations heretofore made pursuant to this section are
20 authorized to be continued available for their original pur-
21 poses through June 30, 1953, and to be consolidated with
22 the appropriation hereby authorized."

23 (c) Change section 204 by substituting "\$115,000,000"
24 for "\$50,000,000", and by adding after "1952" the words
25 "and 1953".

1 (d) Change section 205 by substituting "\$126,000,000"
2 for "\$50,000,000" and by adding after "1952" the words
3 "and 1953".

4 SEC. 5. Title III of the Mutual Security Act of 1951 is
5 amended as follows:

6 (a) At the end of section 301 add the following new
7 sentence: "There is hereby authorized to be appropriated
8 to the President for the fiscal year 1953 not to exceed
9 \$611,230,000, to carry out the purposes and provisions of
10 this section; and in addition unexpended balances of any
11 appropriations heretofore made pursuant to this section are
12 hereby authorized to be continued available for their original
13 purposes through June 30, 1953, and to be consolidated with
14 the appropriation hereby authorized."

15 (b) At the end of subsection 302 (a) add the following
16 new sentence: "There is hereby authorized to be appro-
17 priated to the President for the fiscal year 1953 not to exceed
18 \$408,000,000, to carry out the purposes and provisions of
19 this subsection; and in addition unexpended balances of any
20 appropriations heretofore made pursuant to this subsection
21 are hereby authorized to be continued available for their
22 original purposes through June 30, 1953, and to be consoli-
23 dated with the appropriation hereby authorized. Appropria-

1 tions made pursuant to this subsection may be used without
2 being limited by section 503 of this Act.”

3 (c) Add the following sentence to subsection 302 (b) :
4 “Unexpended balances of allocations heretofore made to
5 the Secretary of State pursuant to that proviso shall be con-
6 tinued available until expended.”

7 (d) In the first sentence of subsection 303 (a) after the
8 words “to be appropriated to the President” insert the words
9 “for the fiscal year 1953”.

10 (e) In the second sentence of subsection 303 (a) sub-
11 stitute for the words “1952” the words “1953”.

12 (f) Immediately before the last sentence of subsection
13 303 (a) add the following: “In addition, the United States
14 Department of the Army is hereby authorized to make avail-
15 able to the United Nations Korean Reconstruction Agency,
16 at the time when that Agency assumes full responsibility for
17 relief and rehabilitation in Korea, goods and services of a
18 value not to exceed \$67,500,000 which the Department of
19 the Army then has on hand or on order for civilian relief
20 in Korea and which the President determines should be con-
21 tributed by the United States to the United Nations Korean
22 Reconstruction Agency for use in its relief and rehabilita-
23 tion operations in Korea. The value of goods and services
24 made available pursuant to the preceding sentence shall be
25 credited toward the contribution to be made by the United

1 States to the United Nations Korean Reconstruction
2 Agency.”

3 (g) The last sentence of subsection 303 (b) is hereby
4 repealed.

5 SEC. 6. Title IV of the Mutual Security Act of 1951 is
6 amended by adding the following new section:

7 “SEC. 403. In addition to the amounts heretofore author-
8 ized and appropriated, there are hereby authorized to be ap-
9 propriated to the President for the fiscal year 1953 not to ex-
10 ceed \$62,400,000 to carry out the purposes and provisions
11 of section 401 and not to exceed \$22,000,000 to carry out
12 the purposes and provisions of section 402. In addition,
13 unexpended balances of the appropriation heretofore made
14 pursuant to each such section are authorized to be continued
15 available for their original purposes through June 30, 1953,
16 and to be consolidated with the applicable appropriation au-
17 thorized by this section.”

18 SEC. 7. Title V of the Mutual Security Act of 1951 is
19 amended as follows:

20 (a) Sections 514 and 522 are hereby repealed.

21 (b) Section 519 (a) is amended by striking the “(a)”
22 and by adding immediately after the phrase “may be ad-
23 vanced” the words “out of funds made available for assist-
24 ance under the Economic Cooperation Act”.

1 (c) Add the following new sections:

2 "SEC. 532. The provisions of section 119 of the Eco-
3 nomic Cooperation Act of 1948, as amended (22 U. S. C.
4 1517), shall apply to the performance of functions authorized
5 by this Act.

6 "SEC. 533. Notwithstanding section 2 of the Act of
7 July 31, 1894 (5 U. S. C. 62), any retired officer of any
8 of the services mentioned in title 37 of the United States
9 Code may hold any office or appointment under this Act,
10 and receive compensation in accordance with the provisions
11 of the Act of June 30, 1932 (5 U. S. C. 59a).

12 "SEC. 534. In order to encourage further the movement
13 of migrants from European countries having surplus popula-
14 tion, there is hereby authorized to be appropriated to the
15 President \$10,000,000 for use in making contributions for
16 the calendar year 1953 to the Provisional Intergovernmental
17 Committee for the Movement of Migrants from Europe
18 established at Brussels, Belgium, on December 5, 1951, or
19 to any successor organization.

20 "SEC. 535. The authority to pay ocean freight charges
21 on shipments of relief supplies and packages under subsection
22 117 (c) of the Economic Cooperation Act of 1948, as
23 amended (22 U. S. C. 1515 (c)), shall be continued and
24 may be exercised after June 30, 1952, by any department
25 or agency of the Government that the President may desig-

1 nate: *Provided*, That, not to exceed \$2,800,000 are author-
2 ized to be appropriated to the President for the fiscal year
3 1953 for use in paying ocean freight charges under subsec-
4 tion 117 (c) of the Economic Cooperation Act of 1948, as
5 amended."

6 SEC. 8. The Mutual Defense Assistance Act of 1949, as
7 amended (22 U. S. C. 1571-1604), is further amended as
8 follows:

9 (a) Change the period at the end of the proviso in
10 the first sentence of section 403 (d) to a comma and inserting
11 thereafter the words "and after June 30, 1952, by an addi-
12 tional \$200,000,000."

13 (b) Change section 408 (e) to read as follows:

14 "(e) (1) the President may, from time to time, in the
15 interest of achieving standardization of military equipment
16 and in order to provide procurement assistance without cost
17 to the United States, transfer, or enter into contracts for the
18 procurement for transfer of, equipment, materials, or services
19 to: (A) nations eligible for assistance under title I, II, III,
20 or IV of the Mutual Security Act of 1951, or (B) a nation
21 which has joined with the United States in a collective defense
22 and regional arrangement, or (C) any international military
23 organization or headquarters when, in the opinion of the
24 President, such assistance will further the purposes of this
25 Act, or (D) any other nation not eligible to join a collective

1 defense and regional arrangement referred to in clause (B)
2 above, but whose ability to defend itself or to participate in
3 the defense of the area of which it is a part, is important to
4 the security of the United States: *Provided*, That, prior to
5 the transfer of any equipment, materials, or services to a
6 nation under this clause (D), it shall provide the United
7 States with assurance that such equipment, materials, or
8 services are required for and will be used solely to maintain
9 its internal security, its legitimate self-defense, or to permit
10 it to participate in the defense of the area of which it is a
11 part, or in United Nations collective security arrangements
12 and measures, and that it will not undertake any act of
13 aggression against any other state: *Provided further*, That,
14 in the case of any such transfer, the President shall forthwith
15 notify the Committee on Foreign Relations of the Senate, the
16 Committees on Armed Services of the Senate and of the
17 House of Representatives, and the Committee on Foreign
18 Affairs of the House of Representatives.

19 “(2) Whenever equipment or material is transferred
20 from the stocks of, or services are rendered by, any agency,
21 to any nation or international organization as provided in
22 paragraph (1) above, such nation or international organ-
23 ization shall first make available the fair value, as determined
24 by the President, of such equipment, materials, or services
25 before delivery or, when the President determines it to be

1 in the best interests of the United States, within sixty days
2 thereafter. The fair value for the purpose of this paragraph
3 shall not be less for the various categories of equipment
4 or materials than the value as defined in subsection (c)
5 of section 403: *Provided*, That with respect to excess equip-
6 ment or materials the fair value may not be determined
7 to be less than the value specified in paragraph 1 of that
8 subsection plus (a) 10 per centum of the original gross
9 cost of such equipment or materials; (b) the scrap value; or
10 (c) the market value, if ascertainable, whichever is the
11 greater. Before a contract is entered into, or rehabilitation
12 work is undertaken, such nation shall (A) provide the
13 United States with a dependable undertaking to pay the full
14 amount of such contract or the cost of such rehabilitation
15 which will assure the United States against any loss on the
16 contract, or rehabilitation work, and (B) shall make funds
17 available in such amounts and at such times as may be
18 necessary to meet the payments required by the contract
19 or the rehabilitation work in advance of the time such pay-
20 ments are due, in addition to the estimated amount of any
21 damages and costs that may accrue from the cancellation of
22 such contract or rehabilitation work: *Provided*, That the
23 total amount of outstanding contracts under this subsection,
24 less the amounts which have been paid the United States
25 by such nations, shall at no time exceed \$700,000,000."

1 SEC. 9. The Act for International Development is
2 amended as follows:

3 (a) Add the following proviso at the end of subsection
4 404 (b) as amended: "*Provided further*, That for the fiscal
5 year 1953 not to exceed \$17,000,000 is authorized to be
6 appropriated to the President for use in making contributions
7 under this subsection."

8 (b) Change subsection 413 (a) thereof to read as
9 follows:

10 "The President shall appoint, by and with the advice
11 and consent of the Senate, an Administrator for Technical
12 Cooperation, who, under the direction of the President or
13 such other officer as he may designate pursuant to section
14 412 hereof to exercise the powers conferred upon him by
15 this title, shall be responsible for planning, implementing,
16 and managing the programs authorized in this title. He
17 shall be compensated at a rate fixed by the President without
18 regard to the Classification Act of 1949 but not in excess of
19 \$16,000 per annum. The President may also appoint, by
20 and with the advice and consent of the Senate, a Deputy
21 Administrator for Technical Cooperation who shall perform
22 such functions as the Administrator shall designate, and shall
23 be Acting Administrator for Technical Cooperation during
24 the absence or disability of the Administrator or in the event

1 of a vacancy in the office of the Administrator. The Deputy
2 Administrator shall receive compensation at a rate fixed by
3 the President without regard to the Classification Act of
4 1949 but not in excess of \$15,000 per annum.”

82ND CONGRESS
2ND Session

H. R. 7005

A BILL

To amend the Mutual Security Act of 1951,
and for other purposes.

By Mr. Richards

MARCH 11, 1952

Referred to the Committee on Foreign Affairs

May 1, 1952

SENATE

4. **FOREIGN AID.** The Foreign Relations Committee reported without amendment S. 3086, amending the Mutual Security Act of 1951 and authorizing foreign-aid appropriations for the fiscal year 1953 (S. Rept. 1490). It was agreed to consider this bill on Monday (pp. 4711, 4736.)
5. **LAND TRANSFER.** Received a resolution from the Nebraska State Legislation requesting the conveyance to Nebraska of a tract at Fort Robinson, formerly used by the Remount Service of this Department (p. 4712).
 Sen. Butler spoke on the need to bring up H. R. 4686, providing for transfer of land from Fort Robinson to the City of Crawford, Nebr., as soon as possible (pp. 4747-8).
 Passed with amendment of title H. R. 4199, authorizing the transfer of the Blue Ridge Parkway lands from the jurisdiction of the Interior Department to the Forest Service (p. 4728).
6. **RECLAMATION.** Received a resolution from the California State Legislature protesting the withdrawal of certain lands for proposed projects by the Bureau of Reclamation as unwarranted interference with the sovereign rights of the State of California (p. 4712).
7. **OLEOMARGARINE.** The Armed Services Committee reported without amendment S. 2083, to amend the Navy ration statute to provide for the serving of oleomargarine or margarine (S. Rept. 1500) (p. 4713).
8. **WAR POWERS.** The Committee on Government Operations reported without amendment S. 2421, to amend the War Powers Act of 1951 (S. Rept. 1498) (p. 4713).
9. **FOREST PROTECTION.** Passed without amendment S. 1835, permitting Canadian participation in the Northeastern Interstate Forest Fire Protection Compact (p. 4726).
10. **BUILDINGS AND GROUNDS.** Passed with amendment H. J. Res. 394, providing for the quartering in certain public buildings in D. C. of troops participating in the inaugural ceremonies of 1953. The amendment would make this a permanent authorization (pp. 4733-4.)
11. **FARM PROGRAM.** Sen. Hendrickson inserted a New York World-Telegram editorial praising Sen. Williams as a very fine Senator and mentioning his investigation into government warehouses. Senators Knowland, Carlson, and Morse concurred in this view (p. 4737.)
12. **FLOOD CONTROL.** Sen. Hennings discussed the Missouri River Flood problem and the need for an integrated, comprehensive program rather than a piecemeal one. Sen. Humphrey concurred in this and inserted a number of newspaper articles on this subject (pp. 4744-48.)
13. **BUDGETING.** Sen. Carlson stated that the budget could be balanced by eliminating waste and unneeded programs. He referred to the Farm Bureau Federation's proposal for a \$100,000,000 cut in soil conservation payments. (pp. 4738-40.)
14. **ADJOURNMENT.** Recessed until Mon., May 5, when it will continue on S. 3086, extension of Mutual Security Program for fiscal year 1953 (pp. 4761, 4736).

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BILLS INTRODUCED

15. LOANS. S. 3083, by Sen. Langer, to authorize the making of loans by the Reconstruction Finance Corporation to nonprofit organizations; to Banking and Currency Committee (p. 4713).
16. PATENTS. S. 3096, by Sen. Dworshak, to amend the act of June 30, 1950, relating to the extension of the terms of patents of World War II veterans; to Judiciary Committee (p. 4713).
17. HOUSING. S. 3098, by Sen. Chavez, to authorize the conversion of certain mortgage insurance under the National Housing Act to defense housing insurance thereunder; to Banking and Currency Committee (p. 4713).
18. SOIL CONSERVATION. H. R. 7689, by Rep. Abernethy, to amend the Soil Conservation and Domestic Allotment Act, as amended; to Agriculture Committee (p. 4825).
19. WATER RESOURCES. H. R. 7591, by Rep. Fudge, to require Federal officers, agencies, and employees to act in accordance with and submit to the laws of the several States relative to the control, appropriation, use, and distribution of water and providing that the United States shall sue and be sued in the courts of such States in litigation arising therefrom; to Interior and Insular Affairs Committee (p. 4825).
20. VETERANS. H. R. 7693, by Rep. Kearney, to provide increases in the rates of death compensation payable to certain widows and children of veterans of World War I, World War II, or of service on or after June 27, 1950; to Veterans' Affairs Committee (p. 4825).
21. FLOOD CONTROL. H. R. 7695, by Rep. Wickersham, making an appropriation for the Washita Valley flood prevention program in the State of Oklahoma; to Appropriations Committee (p. 4825).
22. MONOPOLY POWER. H. R. 7697, by Rep. Gwinn, and H. R. 7698, by Rep. Fisher, to prevent the application or exercise of monopoly power by employers and labor organizations in their dealings with employees, to amend the anti-trust laws; to Judiciary Committee (p. 4826).
23. LOANS. H. R. 7699, by Rep. McDonough, to amend the Federal Home Loan Bank Act, the Home Owners' Loan Act of 1933, title IV of the National Housing Act, and the Judicial Code in order to define the limitations of Government control of savings and loan associations, to provide judicial and administrative remedies; to Banking and Currency Committee (p. 4826).
24. LANDS. H. J. Res. 440, by Rep. Foulson, and H. Con. Res. 213, by Rep. Foulson, requesting the Secretary of the Interior for certain information regarding the lands of the Agua Caliente Band of Indians; to Interior and Insular Affairs Committee (p. 4826).
25. EXECUTIVE AUTHORITY. H. J. Res. 441, by Rep. Rogers, Fla., and H. J. Res. 442, by Rep. Ross, proposing an amendment to the Constitution of the United States limiting the powers of seizure of the President; to Judiciary Committee (p. 4826).
26. PENALTY MAIL. H. R. 7612, by Rep. Cole, to abolish free transmission of official Government mail matter and certain other mail matter; to Post Office and Civil Service Committee (Apr. 28).

THE MUTUAL SECURITY ACT OF 1952

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS

ON

S. 3086

A BILL TO AMEND THE MUTUAL SECURITY ACT OF 1951
AND FOR OTHER PURPOSES



APRIL 30, 1952.—Ordered to be printed, with illustrations

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1952

COMMITTEE ON FOREIGN RELATIONS

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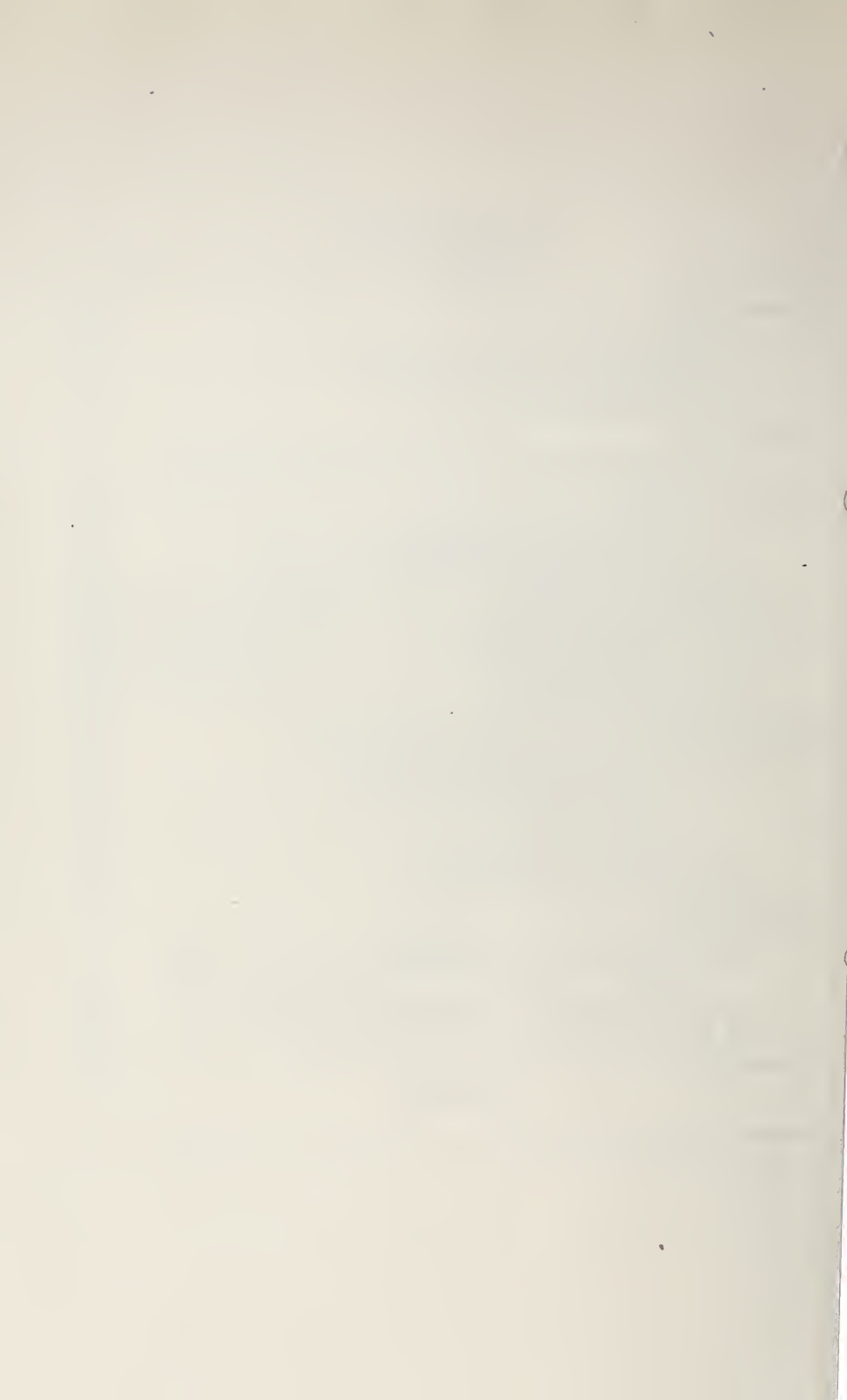
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MUTUAL SECURITY ACT OF 1952

APRIL 30, 1952.—Ordered to be printed, with illustrations

MR. CONNALLY, from the Committee on Foreign Relations, under the authority of the order of the Senate of April 28, 1952, submitted the following

REPORT

[To accompany S. 3086]

The Committee on Foreign Relations, having had under consideration the message from the President of the United States of March 6, 1952, recommending the continuance of the Mutual Security Program for the fiscal year ending June 30, 1953, reports its own bill, S. 3086, and recommends that it do pass.

A. INTRODUCTION

1. PURPOSE OF THE BILL

The purpose of this bill is to authorize funds for United States military, economic, and technical assistance to certain friendly nations. It continues the Mutual Security Act of 1951 by authorizing the appropriation during fiscal 1953 of \$6,900,000,000 and also authorizes the appropriation of \$20,962,000 as a United States contribution to the International Children's Emergency Fund. A few minor amendments are made to the Mutual Security Act of 1951, the Mutual Defense Assistance Act of 1949, and the Act for International Development.

2. COMMITTEE ACTION

On March 6, 1952, the President, in a message to the Congress, recommended the continuation of the Mutual Security Act of 1951 for the fiscal year 1953 as "essential to advance our program for world peace and to protect the security of the United States."

The committee began its consideration of the draft legislation proposed by the administration with public hearings together with the Senate Armed Services Committee and the House Foreign Affairs

Committee on March 13, when it heard the prepared statements of W. Averell Harriman, Director for Mutual Security; Dean Acheson, Secretary of State; Robert A. Lovett, Secretary of Defense; and Gen. Omar N. Bradley, Chairman of the Joint Chiefs of Staff. Thereafter, the Committee on Foreign Relations continued its public hearings with the examination of Mr. Harriman on March 14 and 17, and of Mr. Acheson on March 18. For the remainder of the hearings with the exception of a public hearing on March 28, the committee moved into executive sessions, where Secretary Lovett was questioned on March 19 and 20, and General Bradley on March 31.

After the opening general survey of the program, the committee took further testimony on certain areas from Hon. William H. Draper, Jr., United States special representative in Europe, March 21, on economic aid to Europe; from Gen. Alfred M. Gruenther, Chief of Staff, Supreme Headquarters, Allied Powers in Europe, March 24, on the European military program; from Hon. David K. Bruce, Under Secretary of State and former United States Ambassador to France, March 25, on France; from William S. Batt, mission chief for United Kingdom, Mutual Security Agency, March 26, on Great Britain; and from Maj. Gen. William H. Arnold, Chief, Joint American Military Mission for Aid to Turkey, March 31, on military assistance to Greece and Turkey.

The details of the program were presented to the committee by a team headed by C. Tyler Wood, Associate Deputy Director, Mutual Security Agency (MSA), and consisting of Harlan Cleveland, Assistant Administrator for Europe, MSA; Gen. George Olmsted, Director, Office of Military Assistance, Department of Defense; and Jonathan B. Bingham, Acting Administrator, Technical Cooperation Administration, Department of State. This team with some additions and substitutions noted below testified on March 26, 27, April 1, 2, 3, and 4. During the course of this detailed area by area and program by program presentation, the committee also heard the following representatives of the executive branch on special topics: Arthur Z. Gardiner, economic adviser, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, March 27, April 1 and 3, on the Near East economic and technical assistance programs; Edwin M. Martin, Director, Office of European Regional Affairs, Department of State, March 27, on Austria; Stanley Andrews, consultant to the Secretary of State for technical cooperation programs and now Administrator for Technical Cooperation, April 2 and 3, on TCA programs; Kenneth R. Iverson, President, Institute of Inter-American Affairs, April 3, on Latin America; Hon. Edward G. Miller, Assistant Secretary of State for Latin America, April 3, and Hon. John M. Allison, Assistant Secretary of State for Far Eastern Affairs, April 4, on the Far East.

On March 28 the committee heard witnesses in public session. Senator Ralph E. Flanders and 18 other persons, representing national organizations or their individual views, were heard. Most of these witnesses not only presented an oral statement but a written statement for insertion in the record as well. Organizations whose point of view was presented to the committee included the American Association for the United Nations, the Association of International Development, the Congress of Industrial Organizations, the American Federation of Labor, the American Farm Bureau Federation, the National

Grange, and the National Farmers Union. In addition, the committee extended an invitation to all interested parties who did not want to appear in person to insert written statements in the record, and many organizations availed themselves of this privilege. The committee thereby obtained for the use of the Senate the fullest possible record of private views.

The hearings were followed by a series of executive sessions on April 7, 16, 17, 18, 21, 28, and 30 during which time, the committee carefully examined and redrafted the proposed legislation. On April 28, the committee voted 9-3 to cut the total amount by \$1,000,000,000, the cut to be distributed in equal percentages up to the closest round figure between all areas and programs. After that the committee voted without objection to report the bill favorably to the Senate.

3. PUBLIC ATTITUDES TOWARD PROGRAM

The committee was glad to have the views of private organizations and individuals which it received during the course of the hearings. Of the 18 witnesses heard, only two expressed opposition to the program altogether. The committee feels it is significant that of the 16 supporting the program, 8 strongly favored the technical assistance program and economic support for Western Europe and vigorously contended that if cuts had to be made, these programs should not be cut. These views were put forth by organizations such as the National Council of Churches, the Council for Social Action, the American Association for the United Nations, the Brethren Service Commission, the American Farm Bureau Federation, the American Federation of Labor, the National Grange, and the Congress of Industrial Organizations. One of the organizations opposing the draft bill supported the TCA program. Some of the organizations, while favoring the program as a whole, recommended the tightening up of certain aspects of it. Among these were the Detroit Board of Commerce, the American Farm Bureau Federation, and the Association for International Development.

The study of the Council on Foreign Relations on Foreign Aid and the National Interest was brought to the attention of the committee. This study of the attitudes of 790 citizens of 25 cities showed that in the opinion of these individuals the sum of \$20,000,000,000 spent by the United States on foreign aid since 1949 has been helpful in maintaining the security of the United States, has been justified by the results, and has been about the right amount. The persons polled further showed the feeling that the fiscal year 1953 program should be below the 1949-52 range, with military aid somewhat higher than economic aid.

The Committee on Present Danger also gave the committee its recommendations. In addition to voicing general support for the program as a whole, the committee presented some specific recommendations, suggesting (1) that larger responsibility for the program be shifted to American officials in Paris; (2) that the division between military and economic aid should be eliminated or greater flexibility provided between the two types of aid; (3) that greater emphasis should be placed on offshore procurement to enable Europe to earn foreign exchange; (4) that the Armed Forces should be exempted from procurement laws which prevent "offshore procurement"; and (5)

that high priority should be given to the delivery of military end items to NATO.

The committee considered the suggestions made by the private organizations and individuals in the process of marking up the bill.

4. THE ADMINISTRATION'S PROPOSAL FOR 1953

The President on March 6 asked the Congress to authorize the appropriation of a total of \$7,900,000,000 for military, economic, and technical assistance to foreign nations. The recommended program was as follows:

Proposed Mutual Security Program, 1953

[In millions]

	Direct military	Defense support	Economic and technical	Area total
Europe.....	1 4, 145	2 1, 819		5, 964
Near East and Africa.....	606		196	802
Asia and the Pacific.....	611		3 408	1, 019
American Republics.....	62		22	84
Multilateral technical assistance, migration, and relief package freight.....			30	30
Total.....	4 5, 425	1, 819	656	4 7, 900

¹ Includes \$75 million for participation in SHAPE and other international security organizations; Battle Act expenses; and administrative expenses for all titles.

² Includes economic assistance for Austria.

³ Includes assistance to support military efforts in southeast Asia and the Pacific.

⁴ Columns do not add to totals because of rounding.

The Foreign Relations Committee during its examination of the President's proposals studied the country programs in detail. It requested and received information on the tentative programs for each country, giving particular attention to the military end items scheduled for delivery to Western Europe as part of the Lisbon plan to build 50 divisions in Western Europe by the end of calendar 1952.

It would breach national security to reveal the details of the military program in order to show items scheduled for delivery under the authorizations of this program. The tables which follow, therefore, give the military assistance figures only by area and indicate only the breakdown between matériel and training.

With respect to defense support, economic aid, and technical assistance figures, however, it is possible to indicate the general proposed distribution of this aid on a country-by-country basis. These figures are given below. The committee puts these figures in the report, however, with the warning that they are illustrative of the planned distribution of the funds and not to be taken as commitments in any way to any country. It is possible, for example, that some countries may not do enough to help themselves and under those circumstances the committee would expect the President to exercise his discretion and stop or reduce aid. In other cases it may be that the security of the United States would better be assured by transferring funds from one country program to another country. The President has this discretion as between countries and, to a limited extent, between titles as well.

It should also be noted that the breakdown which follows is based upon the President's proposal for authorizations in the amount of \$7.9 billion and does not take into account the revisions in this pro-

gram which will be necessary as the result of the reductions recommended by the Foreign Relations Committee.

Mutual Security authorization request 1953

[In thousands of dollars]

TITLE I—EUROPE

I. Military assistance:

A. Country programs:

1. Matériel.....	\$3, 914, 865. 6
2. Training.....	155, 134. 4

B. Participation in SHAPE and other international security organizations; Control Act expenses; and administrative expenses for all programs and titles.....	75, 000. 0
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Total military assistance.....	4, 145, 000. 0
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II. Defense support assistance:

A. Country programs:

Austria.....	¹ 86, 000. 0
Denmark.....	20, 000. 0

France.....	420, 000. 0
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Germany (Federal Republic).....	160, 000. 0
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Greece.....	145, 200. 0
-------------	-------------

Iceland.....	1, 000. 0
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Italy.....	110, 000. 0
------------	-------------

Netherlands.....	80, 000. 0
------------------	------------

Norway.....	10, 000. 0
-------------	------------

Turkey.....	70, 000. 0
-------------	------------

United Kingdom.....	590, 000. 0
---------------------	-------------

Yugoslavia.....	78, 000. 0
-----------------	------------

B. Other:

Technical assistance.....	22, 000. 0
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Basic materials development.....	27, 000. 0
----------------------------------	------------

Total, defense support assistance.....	1, 819, 200. 0
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Total, title I.....	5, 964, 200. 0
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TITLE II—NEAR EAST AND AFRICA

I. Military assistance:

A. Country programs:

1. Matériel.....	601, 176. 3
2. Training.....	5, 193. 7

Total military assistance.....	606, 370. 0
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II. Economic assistance and technical cooperation:

A. Country technical cooperation (point 4) programs:

1. Near East:

Iran.....	25, 000. 0
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Israel.....	3, 000. 0
-------------	-----------

Arab States (Egypt, Iraq, Jordan, Lebanon, Saudi Arabia, Syria, Yemen).....	23, 500. 0
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2. Independent Africa:

Ethiopia.....	1, 000. 0
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Liberia.....	1, 250. 0
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Libya.....	1, 250. 0
------------	-----------

3. Other programs:

1. Palestine refugee program.....	65, 000. 0
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2. Israel refugee program.....	76, 000. 0
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Total economic assistance and technical cooperation.....	196, 000. 0
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Total title II.....	802, 370. 0
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¹ Economic assistance, not defense support. Estimate is included here for convenience.

Mutual Security authorization request 1953—Continued

TITLE III—ASIA AND PACIFIC

I. Military assistance:	
A. Country programs:	
1. Matériel.....	\$603, 582. 2
2. Training.....	7, 647. 8
Total military assistance.....	<u>611, 230. 0</u>
II. Economic and technical assistance:	
A. Under Mutual Security Agency:	
1. Country programs in southeast Asia, including assistance to support military effort:	
Burma.....	18, 000. 0
Formosa.....	115, 000. 0
Indochina.....	65, 000. 0
Indonesia.....	8, 000. 0
Philippines.....	32, 000. 0
Thailand.....	7, 000. 0
2. Basic materials development.....	13, 000. 0
Total.....	<u>258, 000. 0</u>
B. Under Technical Cooperation Administration, Department of State:	
Afghanistan.....	800. 0
Ceylon.....	450. 0
India.....	115, 000. 0
Nepal.....	250. 0
Pakistan.....	33, 500. 0
Total.....	<u>150, 000. 0</u>
Total economic and technical assistance.....	<u>408, 000. 0</u>
Total title III.....	<u>1, 019, 230. 0</u>

TITLE IV—AMERICAN REPUBLICS

I. Military assistance:	
A. Country programs:	
1. Matériel.....	60, 341. 7
2. Training.....	2, 058. 3
Total military assistance.....	<u>62, 400. 0</u>
II. Technical assistance:	
A. Country programs:	
Bolivia.....	1, 467. 0
Brazil.....	4, 169. 0
Chile.....	1, 237. 0
Colombia.....	837. 0
Costa Rica.....	1, 176. 0
Cuba.....	278. 0
Dominican Republic.....	342. 0
Ecuador.....	1, 381. 0
El Salvador.....	767. 0
Guatemala.....	237. 0
Haiti.....	779. 0
Honduras.....	859. 0
Mexico.....	1, 132. 0
Nicaragua.....	909. 0
Panama.....	1, 075. 0
Paraguay.....	1, 213. 0
Peru.....	2, 128. 0
Uruguay.....	536. 0
Venezuela.....	172. 0

Mutual Security authorization request 1953—Continued

TITLE IV—AMERICAN REPUBLICS—continued

II. Technical assistance—Continued

B. Regional type projects-----	\$1, 306. 0
Total technical assistance-----	22, 000. 0
Total title IV-----	84, 400. 0

TITLE V

Multilateral technical cooperation-----	17, 000. 0
Emigration of surplus manpower-----	10, 000. 0
Ocean freight-voluntary relief packages-----	2, 800. 0
Total title V-----	29, 800. 0
Total authorization request-----	7, 900, 000. 0

Prepared by Comptroller, Office of Director for Mutual Security, April 8, 1952.

5. THE COMMITTEE BILL

At the conclusion of the hearings the committee scrutinized the requests for each authorization and considered the ability of the American economy to bear these costs. The committee was convinced that on the whole the mutual security proposals were based upon careful study and screening but in some cases the requests for funds were larger than the committee wished to approve. Consideration was given to cutting authorizations item by item, but this approach was rejected. Instead, the committee voted to reduce the amounts requested by \$1,000,000,000 and to permit the administration to retain its present authority for 10 percent transfers within certain titles and between titles if the funds are to be used for the same general purposes. For example, 10 percent of the funds made available for economic and technical assistance in any title, including defense support in title I, could be used for economic or technical assistance in another. While the committee reduced each amount requested by the administration across the board by about 12.6 percent, the flexibility given the administration by the transferability provisions will permit limited transfers for the purpose of adapting cuts to needs and to suggestions made in subsequent sections of this report.

Last year a total of \$7,328,903,976 was appropriated pursuant to the authorizations contained in the Mutual Security Act of 1951. For fiscal 1953, total authorizations for the same programs are \$6,900,000,-000. In addition, \$20,962,000 is authorized for the International Children's Emergency Fund.

The table which follows indicates committee action on the President's requests.

	President's request	Exact percent- age reduction	Adjusted totals
Title I:			
Military.....	\$4, 145, 000, 000	\$3, 620, 316, 457	\$3, 620, 317, 000
Economic.....	1, 819, 200, 000	1, 588, 921, 519	1, 588, 922, 000
Title II:			
Military.....	606, 370, 000	529, 614, 304	529, 614, 000
Technical assistance.....	55, 000, 000	48, 037, 975	48, 038, 000
Palestine refugees.....	65, 000, 000	56, 772, 152	56, 772, 000
Israel refugees.....	76, 000, 000	66, 379, 747	66, 380, 000
Title III:			
Military.....	611, 230, 000	533, 859, 114	533, 859, 000
Economic.....	408, 000, 000	356, 354, 430	356, 354, 000
Title IV:			
Military.....	62, 400, 000	54, 501, 266	54, 501, 000
Technical assistance.....	22, 000, 000	19, 215, 189	19, 215, 000
Emigration.....	10, 000, 000	8, 734, 177	8, 734, 000
Ocean freight.....	2, 800, 000	2, 445, 569	2, 446, 000
Multilateral.....	17, 000, 000	14, 848, 101	14, 848, 000
Total.....	7, 900, 000, 000	6, 900, 000, 000	6, 900, 000, 000
Children's fund.....	24, 000, 000	20, 962, 025	20, 962, 000

In the sections which follow there appear some charts and tables which are based upon the administration's request for funds and not upon the reduced figures authorized by the bill now reported. Time limitations have prevented the adaptation of these tables and charts to the figures reported in this bill.

6. THE PROVISIONS OF THE PROPOSED BILL

Section 2.—This section amends the Mutual Security Act of 1951 by adding to the statement of purposes in that act, a statement that Congress welcomes recent progress in Europe moving in the direction of political federation, military integration, and economic unification. It also authorizes the furnishing of assistance directly to (1) the North Atlantic Treaty Organization, (2) the European Coal and Steel Community, and (3) "the organization which may evolve from current international discussions concerning a European defense community."

The committee was not completely satisfied with the generality implicit in this last description, made necessary by the fact that the European Defense Community which is to be the political basis from which the proposed European army will operate, has not yet formally come into being. At the time the committee considered this matter negotiations were still under way. If the European Defense Treaty is concluded before this bill becomes law, the committee expects to make this language more specific so that it will be clear that assistance may be given directly to the agency responsible for the development of the European army.

Section 3 (a).—This section authorizes the appropriation of \$3,620,317,000 for military assistance to Western Europe and continues available any unexpended balances of earlier appropriations for this purpose through June 30, 1953. The balances are to be continued available for "their original purposes" which means that funds last year authorized in the amount of \$100,000,000 for assistance to selected escapees will continue available for the same purpose during fiscal 1953.

Section 3 (b).—This paragraph authorizes the appropriation of \$1,588,922,000 for economic and defense support assistance to Europe,

and continues available any unexpended balances from earlier appropriations for this purpose through June 30, 1953.

Section 3 (c).—This section authorizes the carry-over of unexpended balances of the appropriation made last year for assistance to Spain. There was no special provision in the authorizing legislation last year for Spain, but the appropriations bill carried \$100,000,000 expressly earmarked for Spain. This amount has not been obligated because agreement has not yet been reached with Spain on the terms under which this money would be made available.

Section 4 (a).—This section authorizes the appropriation of \$529,614,000 for military assistance to countries in the Near East and continues available any unexpended balances of earlier appropriations for this area through June 30, 1953.

Section 4 (b).—This section authorizes the appropriation of \$48,-038,000 for economic and technical assistance for the Near East and Africa and authorizes the carry-over of any unexpended balances.

Section 4 (c).—Under this section, \$56,772,000 is authorized for the 1953 United States contribution to the United Nations Palestine Refugee Organization and \$66,380,000 for giving assistance to Israel under section 205. To the extent that funds authorized by this section cannot be used for Arab refugees or for those in Israel, they may be used for economic and technical purposes under the preceding section.

Section 5 (a).—This section authorizes the appropriation of \$533,-859,000 for military and other assistance to countries in Asia and the Pacific and authorizes the carry-over of unexpended balances.

Section 5 (b).—By this section the bill authorizes the appropriation of \$356,354,000 for economic and technical assistance for Asia and the Pacific and the carry-over of any unexpended balances. It makes it clear that funds used in this area for economic assistance are not to be limited by the provision of section 503 of the Mutual Security Act of 1951 which provides that economic assistance after June 30, 1952, is to be for the purpose of carrying out mutual defense programs.

Section 5 (c).—This section makes it clear that funds heretofore appropriated for giving assistance to limited numbers of Chinese and Korean students in the United States are to continue to be available until expended.

Section 5 (d).—This section continues available for appropriation through fiscal 1953 the amount of \$45,000,000 for Korean relief. This sum was authorized for appropriation last year but was not appropriated.

Section 5 (e).—This section is a carry-over provision continuing the availability of unexpended balances of funds made available last year from earlier appropriations.

Section 5 (f) and (g).—These paragraphs have the following effect:

They substitute a new provision for the present set-off provision in subsection 303 (b) of the Mutual Security Act of 1951. The existing language requires the United States contribution to the United Nations Korean Relief Administration, authorized by section 303, to be reduced by the value of relief assistance supplied to Korea after the United Nations Korean Relief Administration starts operations in Korea. The new provision expressly authorizes the Department of the Army, when the United Nations Korean Relief Administration assumes full responsibility for relief and rehabilitation in Korea, to turn over to United Nations Korean Relief Administration up to \$67,500,000 worth of the goods and services it has on hand or on order for Korean relief; and it requires that the value of goods and services contributed to United Nations Korean Relief Administra-

tion from this Army pipeline be credited against the total amount the United States is pledged to contribute to United Nations Korean Relief Administration. The contribution from the pipeline would thus be in addition to any cash contribution made to United Nations Korean Relief Administration out of appropriations authorized by section 303, and would not, as now required, have to be deducted from the cash contribution presently authorized by that section.

Section 6.—This section authorizes the appropriation of \$54,501,000 for military assistance and \$19,215,000 for technical assistance for Latin America. The section also authorizes the carry-over of any unexpended balances.

Section 7 (a).—This section repeals section 514 of the Mutual Security Act of 1951 which authorized the use of \$55,000,000 of economic assistance funds for the promotion of the production of strategic materials. This section is no longer necessary because the activities of the former ECA in promoting the production of critical materials have been assumed by the Defense Materials Procurement Agency which has its own funds and loan authority for projects of this type.

This section also repeals section 522 of the Mutual Security Act of 1951 which required that at least 10 percent of economic assistance provided by the MSA under the Economic Cooperation Act was to be in the form of loans. The committee received testimony that this provision was endangering the defense support program and might have a most serious effect on the serviceability of American loans in countries receiving assistance.

Section 7 (b).—This is a clarifying amendment described as follows:

This is a perfecting amendment designed to clarify the meanings of section 519 (a) of the Mutual Security Act of 1951. That section permits use of a limited part of the sums appropriated for economical and technical assistance in the title II and title III areas to acquire foreign currencies needed for the MSA programs in those areas. The special authority set out in section 519 (a) was requested by the executive branch last year because the Economic Cooperation Act does not permit the direct acquisition of local currencies by MSA, except for United States administrative needs, and it was anticipated that some of the MSA (then ECA) country programs, especially those just beginning last year, would require the expenditure of local currencies before any counterpart was generated. The section was rewritten several times during the course of last year's presentation. As it finally came out, it is ambiguous and might be construed to apply to the acquisition of foreign currencies by TCA as well as MSA. Since the Act for International Development has always permitted the purchase of foreign currencies, this construction of section 519 (a) would have the effect of setting a limitation on the amount of foreign currencies that could be acquired by TCA, whereas the intent of the section was merely to grant new authority to MSA. Although it seems clear that section 519 (a) was not intended to have this effect and should not be so construed, it seems desirable to make the section speak plainly to this effect.

Section 7 (c).—This section adds six new sections to the Mutual Security Act of 1951, the first of which allows the President to exempt from certain contract and accounting laws the activities of the Department of Defense in connection with such operations as offshore procurement. Many contract and accounting laws are not suitable for the special kinds of activities carried on under this program.

New section 533 (a) will authorize the employment under the Mutual Security Act or the Battle Act of retired military officers and will permit them to receive pay in such positions provided they do not add their retirement pay to their compensation in the civilian position.

New section 533 (b) will make it possible for officers of the United States Public Health Service and officers of the Coast and Geodetic Survey assigned to work in the Mutual Security Program to receive allowances and benefits on the same basis as other officers receiving such allowances and benefits under the terms of Foreign Service Act of 1946.

New section 534 authorizes the President to contribute \$8,734,000 to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe. Last year \$10,000,000 was made available for similar purposes.

New section 535 continues the authority of the Government to pay ocean freight charges on shipments of relief supplies overseas. The authority is also given to pay ocean freight on shipments by voluntary nonprofit relief agencies to any country eligible for economic and technical assistance under this act. Not to exceed \$2,446,000 is to be available for this purpose.

New section 536 continues in effect the provisions of the Economic Cooperation Act which authorize the extension of guaranties to promote the distribution in foreign countries of informational media. This authority would have expired under the provisions of section 502 (c) of the Mutual Security Act of 1951.

Section 8 (a).—This section increases by \$200,000,000 the amount of excess equipment for United States military stocks which can be made available for shipment to our allies. If excess equipment in this amount is shipped abroad it is paid from the funds authorized for military assistance under the terms of this bill.

Section 8 (b).—This section amends section 408 (e) of the Mutual Defense Assistance Act of 1949 as follows:

(1) First, all countries eligible for grant-military assistance under titles I through IV of the Mutual Security Act of 1951 are made eligible to receive materials and equipment under section 408 (e). As the section now stands, countries not eligible for grant-military assistance under titles I, II, and III of the Mutual Defense Assistance Act are not eligible for assistance under section 408 (e) unless (a) they have joined with the United States in a collective defense arrangement or, (b) if ineligible to join such an arrangement, their military strength is important to United States security. This has had the practical effect of excluding from eligibility under section 408 (e) certain countries in the Near East and Latin America, which are, however, eligible for grant-military assistance. The amendment removes the paradoxical situation of our being able to give, but not sell, arms to these countries.

(2) Second, language is added explicitly permitting military assistance to be furnished on a reimbursable basis to international military organizations or headquarters such as SHAPE or the proposed European Defense Community (EDC). This would give express authority for the Defense Department to sell equipment to SHAPE or EDC from military stocks or to buy equipment for those organizations under the terms of section 408 (e).

(3) Third, an amendment is made which would avoid the present strict requirement of payment before delivery when the President decides it is in the best interest of the United States. Payment would be required within 60 days after delivery in any case and, of course, the United States would insist upon a firm commitment from the country or international organization getting delivery in advance of payment, to pay the full amount within 60 days. The amendment will avoid the present situation where countries must tie up large amounts of money in the United States pending actual delivery of goods under section 408 (e). In most cases the recipient Government or international organization would be required to deposit in advance amounts necessary to cover accessorial charges, such as those for packing, handling, crating, and transportation.

(4) Fourth, section 408 (e) is amended to require a "dependable undertaking" from a country receiving equipment from military stocks that has to be rehabili-

tated to put into combat-worthy condition. Under the section as it stands it is required that the value of goods and services furnished under section 408 (c) must be paid for in cash before delivery. It seems prudent also to require that the United States have a firm commitment from a country which had asked to buy materials or equipment that it will bear the expense of modernizing it or putting it into good repair. This would make unnecessary an advance deposit of cash by the recipient government or international body to cover the cost of services rendered in rehabilitating equipment. As a rule, cash progress payments would be required as rehabilitation work advances.

(5) Fifth, as it now stands, section 408 (c) puts a ceiling of \$500,000,000 on the total value of procurement contracts that the Defense Department can enter into to buy new equipment and materials or to obtain services for the benefit of other governments under section 408 (c).

The amendment increases the amount to \$700,000,000.

Finally, the last paragraph of this section makes it clear that material purchased by foreign countries under the terms of the Mutual Defense Assistance Act with their own funds is not required to be shipped in United States flag vessels.

Section 9 (a).—This section amends the Act for International Development by increasing the amount which can be provided for multilateral technical assistance from \$13,000,000 for 1952 to \$14,848,000 for 1953.

Section 9 (b).—This section amends section 413 of that act to authorize the President to appoint a Deputy Administrator for Technical Cooperation to receive a salary of \$15,000. The salary of the Administrator is increased from \$15,000 per year to \$16,000.

Section 10.—This section amends the Surplus Property Act of 1944 to make it possible for limited amounts of counterpart funds acquired in connection with the foreign-aids programs to be used for the exchange programs authorized by the Fulbright act.

B. BACKGROUND

7. THE MOUNTING THREAT AND UNITED STATES EFFORTS FOR SECURITY

The proposed Mutual Security Act of 1952 must be assessed against the aims of United States foreign policy. These aims are to maintain and protect the national independence, and to promote the security and prosperity of the United States in the world of nations.

The national independence of the United States and the security of its citizens have been threatened since the end of the war by Soviet imperialistic communism in one form or another and in one area or another. This threat has been mounting steadily and has been recognized by the Congress in various measures designed to increase the security of the United States.

The Congress in 1948 authorized the European recovery program, a projected 4-year \$17 billion investment in economic, political, and social strength in Europe. The American dollars were so successful in building economic health and relative political stability in the free nations of Western Europe, that after slightly over 3 years and the appropriation of \$12 billion the ECA was ended.

As the danger of losing Western Europe from the free world through economic disintegration and social chaos abated, the threat of losing it through a direct military attack by Soviet Russia increased. While the Western World had disarmed rapidly after World War II, the Soviet Union had not disarmed. Instead, it became quite evident that

the Soviet Union was maintaining its armed forces, arming its satellites in contravention of the peace treaties, and generally gearing its economy toward war production. This preponderance of Soviet military strength in Europe, coupled with complete Soviet intransigence in international dealings and negotiations posed a renewed threat which the Atlantic Community answered by the signing of the North Atlantic Treaty in April 1949. The Treaty was implemented that same year by the United States with a relatively modest military assistance program for its treaty partners. By these two actions, the North Atlantic Community demonstrated its determination to deter aggression by building up defensive strength. In the light of the situation then in Europe, the threat to the security of the United States was adequately answered.

The world situation, however, was changed again in the summer of 1950—this time by direct Communist aggression on the Republic of Korea. The threat revealed by the Korean action necessitated a change in response. Instead of relying on economic stability in Western Europe and the North Atlantic Treaty with its modest implementation to deter indirect and direct aggression, the United States swung into a large-scale program to rearm itself and its North Atlantic allies to meet the threat of direct military aggression to its security.

At the same time, the United States did not underestimate the continued need for encouraging economic stability and social progress as a means of thwarting Communist internal subversion. In Europe continued progress in building economic strength, especially through increased productivity and increased production, is necessary to the support of the defense effort. In the vast underdeveloped areas of Asia, Africa, and Latin America millions were living on the edge of starvation and social upheavals. As with Europe, the United States acknowledged its security interests in the continued independence of these areas and embarked on a program of economic and technical assistance designed primarily to help the peoples of these areas to help themselves more effectively.

8. UNITED STATES FOREIGN MILITARY AND ECONOMIC AID SINCE THE WAR

During the period from July 1, 1945, through December 31, 1951, the United States has given military and economic aid to foreign countries totaling \$35.6 billion. This is the amount which has been spent. It does not include sums which have been appropriated but not yet paid out in fulfillment of obligations, most of which are military assistance appropriations made from 1950 to the present. Thus, the charts which follow show strictly military aid at the figure of \$2.1 billion (actual expenditures only), although since the inception of the military assistance program in 1950, \$11.8 billion, has been made available for military assistance. (Although \$12,280,536,186 has been appropriated for military assistance, \$478,160,000 was transferred from military to economic assistance under the terms of the Mutual Security Act of 1951, thus leaving \$11.8 billion available for foreign military assistance expenditures.) The difference between this \$11.8 billion figure for appropriations and the \$2.1 for expendi-

tures, namely \$9.7 billion, had not been spent as of December 31, 1951, although a large part of it had been obligated. The relationship between expenditures, obligations, and appropriations is discussed later in this report.

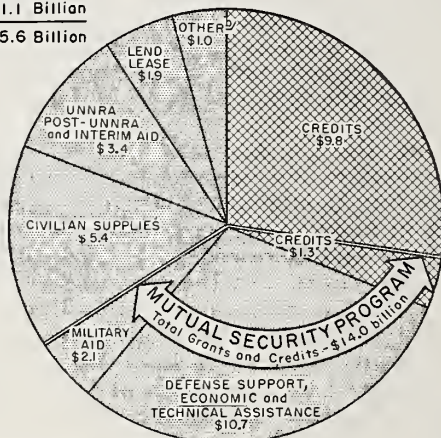
The two charts which follow show the breakdown of United States postwar military and economic aid as between programs and between areas of the world.

U.S. POSTWAR FOREIGN AID BY PROGRAM

Gross Expenditures^{a/} July 1, 1945 - Dec. 31, 1951

(Billions of Dollars)

GRANTS...\$24.5 Billion
CREDITS...\$11.1 Billion
TOTAL...\$35.6 Billion

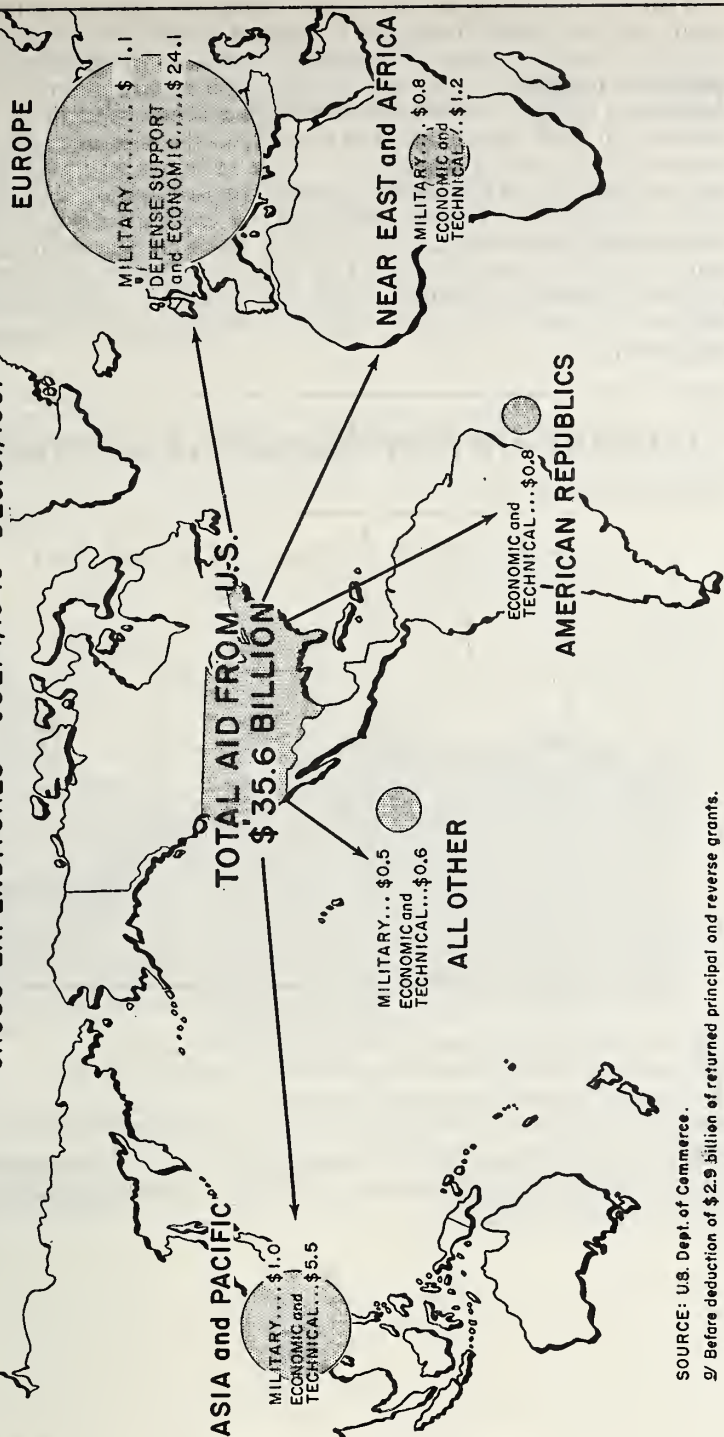


SOURCE: U.S. Dept. of Commerce.

^{a/} Before deduction of \$2.9 billion of returned principal and reverse grants.

^{b/} Credit offsets of \$1.3 billion not assigned to specific programs have been subtracted.

U.S. POSTWAR FOREIGN AID - MILITARY AND ECONOMIC GROSS EXPENDITURES^{9/} - JULY 1, 1945 - DEC. 31, 1951

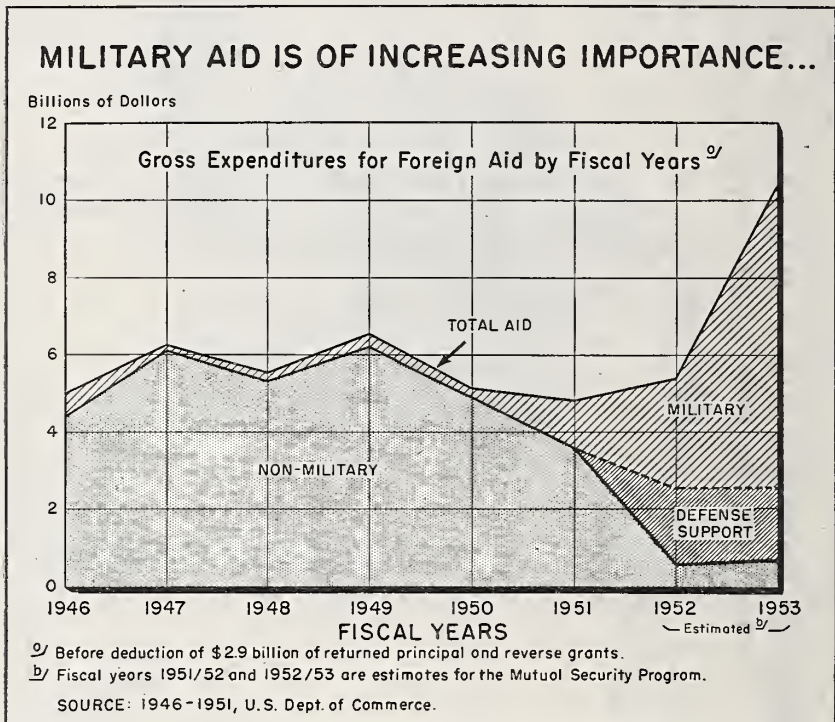


SOURCE: U.S. Dept. of Commerce.

^{9/} Before deduction of \$2.9 billion of returned principal and reverse grants.

With the beginning of the Mutual Defense Assistance Program in fiscal 1950, the total foreign-aid program of the United States began to shift in emphasis from an economic assistance program to a military assistance program. This was attributable to two main factors: first, the success of the Marshall plan in bringing about substantial economic recovery to most of Europe; and second, to the serious military threat resulting from Soviet aggressive action in many parts of the world, accentuated by the Communist attack on the Republic of Korea.

The chart which follows shows on an expenditure basis the shift in emphasis projected to 1953 on the basis of the administration's request for foreign-aid funds. The sharp rise shown in 1953 does not indicate increased appropriations, but rather, it indicates increased deliveries for which funds heretofore authorized and obligated will be expended.



The summary table which follows shows the total foreign military and economic aid appropriations since fiscal 1950 and the administration's request for 1953.

Summary table: Foreign aid appropriations,¹ fiscal years 1950-52, and proposed foreign aid authorizations for fiscal 1953

	Appropriations fiscal year 1950	Appropriations fiscal year 1951	Appropriations fiscal year 1952	Proposed authoriza- tions fiscal year 1953	Total appro- priated fiscal years 1950-52
Military:					
Europe.....	² \$1,000,000,000	² \$4,504,000,000	² \$4,774,376,186	\$4,145,000,000	-----
Non-Europe.....	314,010,000	718,500,000	969,650,000	1,280,000,000	-----
Subtotal.....	1,314,010,000	5,222,500,000	5,744,026,186	5,425,000,000	³ \$12,280,536,186
Economic and technical:					
Europe.....	3,823,380,000	2,250,000,000	⁴ 1,122,000,000	1,819,200,000	-----
Non-Europe.....	130,751,600	149,350,000	418,401,519	655,800,000	-----
Subtotal.....	3,954,131,600	2,399,350,000	1,540,401,519	2,475,000,000	7,893,883,119
Total.....	5,268,141,600	7,621,850,000	7,284,427,705	7,900,000,000	20,174,419,305

¹ Does not include International Children's Emergency Fund contributions.

² For purposes of comparison, the \$500,000,000 of forward contracts authorized in 1950 MDA legislation, has been included in the 1950 MDA appropriation, although the funds were actually appropriated in fiscal year 1951 (\$455,523,729) and fiscal year 1952 (\$44,476,271).

³ Under the terms of sec. 101 (b) of the Mutual Security Act of 1951, \$478,160,000 was transferred from military assistance to economic assistance, thus leaving \$11,802,376,186, available for foreign military expenditures.

⁴ Includes \$100,000,000 appropriated for Spain.

C. THE DEFENSIVE GOALS IN WESTERN EUROPE

The main purpose in building the defenses of Western Europe is "to assist in achieving the primary purpose of the United Nations—the maintenance of peace and security." (From the Report of the Senate Committee on Foreign Relations on the North Atlantic Treaty.) The activities of the Soviet Union since the war have made it clear to most people that every nation of the world is fair game for the Soviet unless it has economic strength great enough to defend itself from internal subversion and military strength enough to defend itself from the external threat of Soviet military force. The maintenance of peace and security has, as the result of Soviet threats, required the free nations to look to their internal and external defenses.

The North Atlantic Treaty provides the framework within which most of the nations of Western Europe seek "by means of continuous and effective self-help and mutual aid" to "maintain and develop their individual and collective capacity to resist armed attack."

The collective defenses of the North Atlantic area are not now, and are not intended to be, strong enough to threaten aggression. These defenses are being built up to deter aggression. That is their purpose.

The past year has seen these defenses grow rapidly under the leadership of General Eisenhower. Many important political and economic decisions essential to the effective development of defensive strength have been made during the past year. They are discussed in the following sections.

9. THE TEMPORARY COUNCIL COMMITTEE (TCC)

The North Atlantic Treaty Council at its seventh session in Ottawa in September 1951 created the Temporary Council Committee (TCC) because of a growing realization that increased defense efforts on the part of member states were creating economic and political problems more serious than had been expected when defense goals were set shortly after the attack on Korea. In fact, there was considerable danger that too great emphasis on defense spending in Western Europe might endanger the economic strength that had come about largely because of Marshall plan aid. Economic relapse in Western Europe might invite again the internal Communist subversion that had threatened certain countries prior to the Marshall plan. A defense build-up not properly related to economic capabilities, moreover, might be seriously unbalanced, and might fail to make the best possible use of available resources.

The NATO Council instructed the TCC to examine the defense capabilities of each of the NATO nations and to consider those capabilities in terms of the economic and political factors which might in fact limit the ability of member states to produce the defensive forces expected of them.

It was the job of this Temporary Council Committee to make recommendations as to ways in which member countries could make the most effective use of their resources in building a common defense.

The TCC under the leadership of W. Averell Harriman, who served as Chairman, Sir Edwin Plowden, and Jean Monnet first met in Paris in October. When the committee got to work it was apparent that its principal job would be to reconcile two objectives; first, to build an adequate defense force in Western Europe, and, second, to do so without threatening too severely the standards of living that had been achieved in Western Europe under the Marshall plan.

The technical military analysis for the TCC was carried out by an international staff of officers under the leadership of Gen. Joseph T. McNarney of the United States Air Force. The task facing the Committee was to develop a plan of action which would contain specific measures to build an adequate defense force in Western Europe as rapidly as possible, while maintaining the necessary economic foundation for both a sustained defensive effort and for longer run economic progress. This task required a careful inventory of the military resources actually available and the steps under way for their expansion, a rigid screening of equipment and other standards to provide maximum economy in achieving the desired military result, and an intensive review of each member nation's capabilities for expanding its contribution and the conditions under which such an expansion could be undertaken.

While the Foreign Relations Committee received testimony that Western Europe might over a long period of years gradually build up its defenses without outside help, and at the same time maintain a living standard that would not invite subversion, the rapid build-up necessary to deter threatened Soviet aggression in the near future requires outside help. Most of that help must come from the United States.

It was thus necessary for the TCC in its studies to make some estimate of the help that Western Europe might expect to continue to

receive from the United States. The Foreign Relations Committee understands that for planning purposes, and explicitly without any commitment, it was assumed that the United States would continue to give assistance to Western Europe for the next two fiscal years in about the same magnitude as in 1951 and 1952.

For nearly 4 months the TCC and its staff examined the defense budgets, the national income, the tax structures, the industrial complexes, and the import needs of the member states. Mr. Harriman told the Foreign Relations Committee that—

each country, freely and without reserve, laid before the Committee (the TCC) the details of its military program and its financial and economic situation.

General Eisenhower in his April report to the NATO stated—

the operation of the committees was truly an innovation in that sovereign nations permitted an international group to examine their defense programs and their capacity—financial, economic, and military—of supporting heavier burdens.

The studies of the TCC were embodied in a report (not made public) that was placed before the ninth session of the North Atlantic Council which met in Lisbon from February 20 to 25, 1952.

10. THE ROME AND LISBON CONFERENCES

The TCC had not completed its work at the time the eighth session of the NATO Council convened in Rome in November 1951. The Rome meeting gave its principal attention to a report by General Eisenhower on the progress being made in the development of the NATO defenses, to suggestions regarding the development of a European defense community which might include Germany as a member, and to plans to streamline the North Atlantic Treaty Organization.

The TCC had completed its studies by the time of the Lisbon Conference in February 1952. Secretary of State Acheson summed up the results of the Lisbon meeting in these words:

There were five major accomplishments of this series of meetings:

First, agreement was reached on the forces to be made available to General Eisenhower's NATO command during this calendar year.

Second, agreement was reached on the bases and facilities to be built and maintained for these forces.

Third, agreement was reached approving the creation of a European army by six nations, including West Germany.

Fourth, agreement was reached by which the return of West Germany to a place of equality and responsibility in the European community can be achieved.

And fifth, NATO itself was reorganized and greatly strengthened.

The NATO Council in approving the report of the TCC confirmed arrangements whereby the NATO nations agree during the forthcoming year to provide, exclusive of Greek and Turkish forces, approximately 50 divisions by the end of calendar 1952, approximately one-half of which will be combat ready and the other half in a readily mobilizable status, and 4,000 operational aircraft in Europe. This figure includes the six American divisions which the Senate last year approved for Europe. The program approved by the NATO Council included programs which must be inaugurated this year in order to make it possible to increase the NATO defensive power in the years immediately ahead.

The resolution adopted by the NATO Council has not been made public. The resolution has been summed up in these words, however, for release to the press:

(1) The threat which the member countries of NATO now face clearly requires that they promptly build up their effective forces. . . The various elements of this build-up should be kept in balance so as to make possible at all times the maximum combat-ready forces as an effective deterrent against aggression.

(A) The Council resolution stated measures essential to the achievement of the planned build-up of NATO defensive strength in this and following years. These measures emphasized—

(1) Economy in the use of resources for defense.

(2) The elimination of less essential defense activities.

(3) Adoption of detailed measures developed by TCC for improving the combat efficiency of national forces.

(4) A further development of NATO-wide equipment supply planning.

(5) Initiation of a system of NATO priority recommendations to assist in the allocation of equipment by nations.

(6) An increased efficiency through improved organizational arrangements.

On these and other points, specific recommendations have been agreed to by NATO governments, and instructions for action given with provisions for NATO follow-up.

(B) The directives defining the duties and responsibilities of General Eisenhower and of the military committee's standing group have been revised to reflect added responsibilities.

(C) The TCC plan of action included the assumption that Germany will in subsequent years contribute forces through the European defense community to the defense of Europe.

The Foreign Relations Committee in its consideration of title I of the proposed legislation was primarily interested in the accomplishments at Lisbon that were directly related to the amount of aid expected from the United States if the defense goals are to be reached. It believes, after close questioning of Mr. Harriman and General Gruenther, that the Lisbon goal of 50 divisions can be reached during 1952 provided each and every member of the NATO does its part. Moreover, a substantial expansion beyond this year's goal can be achieved in 1953 and 1954, if the necessary preparatory measures are taken over the coming months. One especially important factor in this further build-up is the formation of the European Defense Community, through which contingents of German origin can be added to the NATO forces in Europe, which is discussed below in this report.

11. THE EUROPEAN DEFENSE COMMUNITY

As has been indicated heretofore, the ability of the North Atlantic Treaty Organization to develop a satisfactory additional build-up beyond the 1952 goals agreed to at Lisbon in terms of men under arms and defense production is contingent to a large extent upon the participation of Western Germany in the defense effort.

The Pleven plan, first put forward in October 1950 by the then Prime Minister of France, suggested the incorporation of German forces within an integrated European armed force, which would be controlled by a supranational political and military institution. This proposal led to negotiations beginning early in 1951 looking toward the development of an integrated European Defense Force (EDF) operating under the guidance of a European Defense Community (EDC) with certain political powers.

The countries participating in these negotiations are France, Western Germany, Italy, Belgium, the Netherlands, and Luxemburg.

Participating as observers are Denmark, Norway, the United Kingdom, Portugal, Canada, and the United States. Thus all parties to the North Atlantic Treaty, except Greece and Turkey, have been associated with the negotiations, and in addition, Western Germany which is not a member of NATO is participating. The NATO powers are vitally interested in these negotiations because if they are successful it is to be expected that a substantial part of the defense forces to be made available to the Supreme Headquarters Allied Powers, Europe (SHAPE) will come from the proposed European Defense Community.

For purposes of this report it is not necessary to discuss the various stages through which the negotiations have proceeded. While the European Defense Community Treaty has not been completed and signed as of the time of the writing of this report, it may be helpful in considering the Mutual Security Program to set forth several matters which will probably be covered by the treaty.

The European Defense Force.—It is contemplated that each party to the treaty will contribute basic ground forces to be known by the French word "groupement." Each "groupement" will consist of about 12,000 men of the same nationality. The "groupement" will be integrated at the army corps level, each corps consisting of three or four "groupements" of different nationality. The army corps will have an integrated general staff including officers from each of the nations contributing forces to the corps. Thus, it will be possible for a corps to consist of "groupements" from France, Germany, the Netherlands, and Italy, operating under an integrated corps command.

The forces to be provided by each member state will include all of its national forces except those recruited and trained for use overseas, those assigned to international missions, police groups, and deep-sea navies.

The European Defense Force will be subject to the political control of the European Defense Community (EDC). The EDC is expected to include an executive commission or "Commissariat," a Council of Ministers, a common Assembly, and a Court of Justice. The Commissariat is expected to be the principal executive agency for the EDC with responsibility for the organization of the defense forces, the preparation of the budget, the direction of military specialist schools, etc. The Council of Ministers is expected to have authority to issue the general directives which will govern the activities of the Commissariat.

Relationship to NATO.—The proposed EDC Treaty contemplates a close relationship with the North Atlantic Treaty Organization. The forces made available by each of the EDC states to the European defense force will, after training, be placed at the disposal of the NATO command. At the time of writing this report the political relationships between the European Defense Community and the North Atlantic Treaty Organization have not been fully worked out.

12. EUROPE'S CONTRIBUTION TO THE COMMON DEFENSE EFFORT

In its consideration of the Mutual Security Act of 1951 last year, the committee examined carefully the contributions which would be made by our partners in Europe. Inasmuch as the committee fully reported to the Senate on this topic at that time (S. Doc. 56, United

States Foreign Aid Programs in Europe and Senate Report 703, The Mutual Security Act of 1951) this report will cover the subject briefly.

Since the outbreak of war in Korea in 1950, our NATO allies have increased their defense expenditures from \$4.5 billion to \$9 billion. For fiscal year 1953, they are expected to increase to \$14.5 billion, including the contribution of Greece and Turkey and a contribution of \$2.7 billion for Germany. The following table illustrates this increase of military expenditures in terms of percentage of gross national product.

TABLE C-1.—*Defense expenditures—Total and percent of gross national product (GNP)*

[Millions of dollars]

Country	1938 defense expenditure as a percent of GNP	United States fiscal year 1949-50 (current prices)		United States fiscal year 1950-51 (current prices)		United States fiscal year 1951-52 (current prices)		United States fiscal year 1952-53 (1951-52 prices)	
		Defense expenditures	Percent of GNP	Defense expenditures	Percent of GNP	Defense expenditures	Percent of GNP	Defense expenditures	Percent of GNP
NATO countries:									
Belgium-Luxemburg	2.5	167	2.6	200	2.9	435	5.6	713	9.0
Denmark	.9	45	1.5	56	1.6	123	3.2	152	3.9
France	7.3	1,594	6.5	2,325	7.8	3,460	9.8	3,890	10.7
Greece	5.5	115	7.1	179	9.8	188	8.8	188	8.6
Iceland									
Italy	6.0	475	3.5	641	4.2	847	5.0	1,075	6.1
Netherlands	2.3	210	4.2	228	4.2	395	6.6	474	7.7
Norway	.9	49	2.4	67	2.8	115	3.9	150	5.0
Portugal	2.7	47	2.0	50	2.1	58	2.3	66	2.6
Turkey	6.9	175	6.1	221	6.5	253	6.8	292	7.6
United Kingdom	6.5	2,105	5.7	2,665	6.7	3,600	8.4	4,750	10.8
Total NATO	5.8	4,982	5.1	6,632	6.0	9,534	7.7	11,750	9.2
Germany (Federal Republic)	¹ 15.8	² 1,036	5.1	² 1,190	4.9	² 1,952	6.7	2,679	8.5
Total NATO plus Germany	9.3	6,018	5.1	7,822	5.8	11,486	7.5	14,429	9.1
Austria	³ 2.2	² 28	1.5	² 19	.9	² 21	.7	² 23	.7
Total 14 European countries ⁴	9.1	6,046	5.0	7,841	5.7	11,507	7.3	14,452	8.9
Spain		288		302					
Yugoslavia									
Canada	.7	451	2.9	933	5.3	⁵ 1,619	7.6		
United States	1.2	12,800	5.1	21,974	7.1	45,562	13.7	⁶ 62,301	17.8

¹ All Germany for 1936.

² Represents occupation costs.

³ 1937.

⁴ Plus Trieste (included with Italy).

⁵ Fiscal year ending Mar. 31, 1952.

⁶ Preliminary.

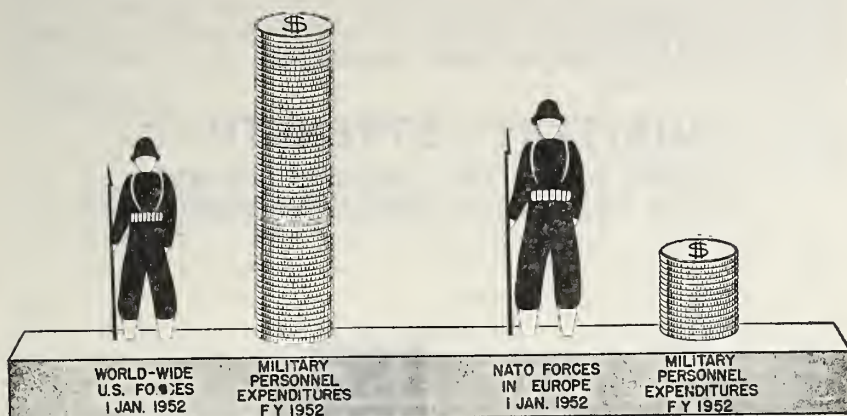
NOTE.—Precise comparisons of the levels of defense expenditures and GNP between the European countries and the United States are not possible. The conversion into dollars has been made on the basis of official foreign exchange rates, and the purchasing power of the dollar is appreciably higher in most European countries than in the United States. Adjustments to make the figures comparable cannot now be made.

The \$14.5 billion to be spent on defense by Western Europe is not wholly comparable to the national defense budget of the United States, since European costs for the pay, feeding, clothing, and housing of military forces are substantially less than those of the United States. The table below illustrates the difference in military personnel expenditures for Europe and the United States. The manpower contribution of Europe is understated, therefore, in terms of military expenditures.

COMPARATIVE PERSONNEL COST OF FORCES

WORLD-WIDE U.S. vs. WESTERN EUROPEAN IN NAT AREA

READILY MOBILIZABLE



NOTE: WESTERN EUROPE EXCLUDES GREECE, TURKEY AND GERMANY

As can be seen from the table previously shown, in fiscal 1953 the United States will spend about 18 percent of its gross national product on defense, compared to about 9 percent for NATO Europe and Germany. In addition to the fact pointed out above that the contribution of Europe's resources in terms of dollars is somewhat distorted, it must also be remembered that average per capita gross national product of our partners is about one-third of ours. Yet Europe's tax burdens are generally as high as our own, and in several European countries tax receipts constitute a higher proportion of national income than in the United States. Both taxes and per capita gross national product are shown below.

Country	Tax receipts as percent of gross national product, 1951 or 1951-52 ¹	Per capita gross national product as percent of United States, 1951-52	Country	Tax receipts as percent of gross national product, 1951 or 1951-52 ¹	Per capita gross national product as percent of United States, 1951-52
Austria.....	31.0	21	Italy.....	² 20.7	17
Belgium.....	23.0	40	Netherlands.....	28.3	27
Canada.....	23.9	68	Norway.....	25.1	41
Denmark.....	18.6	42	Portugal.....	10.3	14
France.....	30.7	38	Turkey.....	² 16.4	8
Germany (Federal Republic).....	30.3	28	United Kingdom.....	33.7	40
Greece.....	² 16.7	13	United States.....	25.8	100

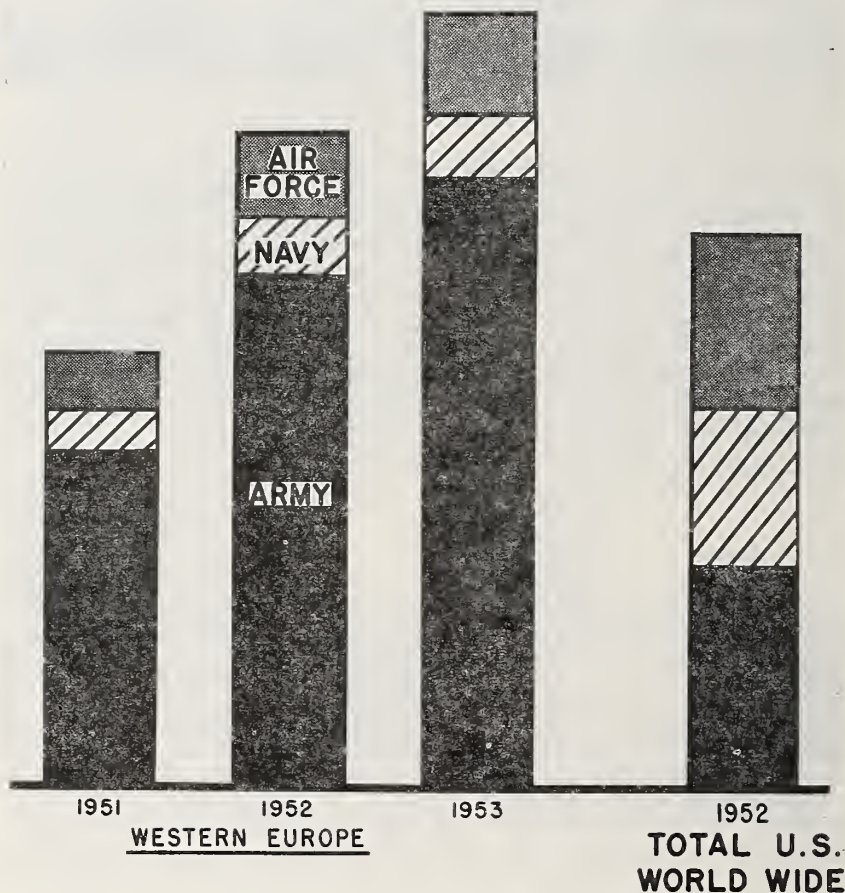
¹ Taxes collected at all levels of government.

² 1950 or 1950-51, later figures not available.

According to the Lisbon plan, discussed more fully elsewhere in this report, Europe will furnish the bulk of NATO defense forces. In 1952 and 1953, Europe's contribution (of active forces and those mobilizable within 30 days) to the defense forces of the Western World will exceed the total number of United States Armed Forces, stationed at home and abroad. The chart below illustrates this fact and also the relative emphasis given to the three branches of the services here and in Europe. It should be noted particularly that these land forces planned by our NATO partners are much greater than the strength of the United States Army.

MILITARY STRENGTH

WESTERN EUROPE 1951-1953 AND U.S. 1952
ACTIVE AND READILY MOBILIZABLE FORCES



Includes Bel-Lux, Denmark, France, Italy, Netherlands, Norway, Portugal, and United Kingdom.

D. THE MILITARY END-ITEM PROGRAM

The amount requested by the President for military assistance on a world-wide basis was \$5,425,000,000, divided as follows:

[In millions of dollars]

Item	Title I, Europe	Title II, Near East	Title III, Asia and Pacific	Title IV, Latin America	Total
Military assistance:					
A. Country programs:					
1. Matériel.....	\$3,914.87	\$601.18	\$603.58	\$60.34	\$5,179.97
2. Training.....	155.13	5.19	7.65	2.06	170.03
Subtotal, country programs.....	4,070.00	606.37	611.23	62.40	5,350.00
B. Participation in SHAPE and other international security organizations; Control Act expenses; and administrative expenses for all titles.....	75.00				75.00
Total military assistance.....	4,145.00	606.37	611.23	62.40	5,425.00

13. EUROPE

The European military assistance program recommended by the President called for the authorization of \$4,145,000,000. This figure was reduced to \$3,620,317,000 by the committee. The United States contribution will assist our Atlantic partners during this calendar year to raise and train a ground army in western Europe of 50 divisions (including six American divisions, but exclusive of Greek and Turkish forces), deploy 4,000 aircraft for the defense of Western Europe, and augment NATO naval strength. Secretary of Defense Lovett testified that more than half of these 50 divisions will be fully combat ready by the end of the year and the remainder will be in reserve, capable of mobilization within 24 hours to 30 days.

Secretary Lovett testified that \$4.07 billion in military assistance:

* * * Together with funds previously made available, * * * will complete the unit equipment of United States type for all the divisions committed at Lisbon, together with provision for part of their reserve stocks of ammunition. It will furnish a portion of the long production lead-time items required for additional forces to be raised later. It will provide certain specialized unit equipment required to round out naval and air units committed to the NATO defense plan. It will continue the training program which insures that United States furnished matériel will be properly cared for and skillfully operated. Packing, handling, crating, and transportation round out the requirement.

(a) *Offshore procurement.*—The greatest part of the military-assistance funds will be used to purchase military hardware in the United States for shipment to Europe. The administration estimates however, that about \$1 billion of the assistance funds can be spent for offshore procurement, that is, for the purchase of military equipment to be manufactured in Europe for use by the NATO forces. It is essential that European capacity to make her own defensive weapons be built up rapidly so that when American military aid ceases Europe will be able to provide for her own defenses from her own productive capacity. Offshore procurement combined with defense support will help speed up this process.

There has been some public criticism of the delay in beginning offshore procurement. The committee questioned Mr. William H. Draper, Jr., United States special representative in Europe, on this

matter. Mr. Draper stated that in recent months the United States has asked firms in Europe for bids on the production of about \$150,000,000 worth of military items, but as of the time of writing this report the firm-contract figures for offshore procurement are extremely low—a condition which the committee hopes will not long continue.

(b) *Shipments.*—For security reasons it is not possible to indicate the types and amounts of military equipment to be sent to Europe during the forthcoming fiscal year. So that Members of the Senate may have information as to the general nature of the shipments being made, the table which follows gives cumulative figures on shipments of military items by categories. This table shows total shipments to all parts of the world where we are giving military assistance. The great bulk of these shipments, however, has gone to Western Europe.

Selected major items shipped (in number of items and thousand rounds of ammunition)

Service and major item:	Feb. 29, 1952 (cumulative)
Army:	
Radios and radar-----	11, 074
Tanks and combat vehicles-----	7, 852
Motor transport vehicles-----	30, 948
Small arms and machine guns-----	782, 731
Artillery-----	11, 545
Ammunition:	
Small arms and machine gun (thousand)-----	281, 988
Artillery (thousand)-----	9, 096
Navy:	
Vessels-----	329
Aircraft-----	427
Air Force: Aircraft-----	1, 145

Includes adjustment to previously reported data.

These figures on the number of items of equipment shipped to foreign countries do not tell the whole story. Actually, as of January 31, 1952, the value of shipments to Europe was only \$1,208,700,000, although the total available for military-assistance expenditure at that time was \$9,452,100,000. Thus, for every \$9 available for the European military programs, only about \$1 worth of equipment has been shipped. A large part of this unexpended amount is accounted for by the normal time required for placing appropriated funds under obligation and for the manufacture, inspection, and delivery of the equipment. In this connection, it should be recalled that the appropriations act for the Mutual Security Program for the fiscal 1952 was approved by the President only on October 31, 1951, 4 months after the start of the fiscal year. Nonetheless, it is agreed that shipments of military assistance equipment have been slower than desirable.

When asked to explain why shipments of military assistance have been so slow, Secretary of Defense Lovett ascribed the delay to the following facts, which apply to domestic military production as well as to the shipments under the military assistance program:

(1) "We were short on machine tools."

(2) "We had inadequate facilities in being."

(3) "Initial scheduling * * * was * * * unrealistic as" it was "based on the peacetime procurement of materials."

(4) "We ran into shortages of all sorts of critical materials like tungsten, columbium, cobalt * * *."

(5) "Finally" we ran into design complications resulting from the tremendous complexity of much of the present-day military equipment.

Secretary Lovett concluded, however, that the picture is noticeably better today and that shipments should increase rapidly in the months ahead.

14. THE NEAR EAST AND AFRICA

Military assistance for the Near East and Africa for next year was requested in the amount of \$606,370,000, as contrasted with \$396,250,000 appropriated for fiscal year 1952. This amount was to be available for assistance to Greece and Turkey under the terms of the Greek-Turkish Assistance Act of 1947 and to Iran under the terms of the Mutual Defense Assistance Act of 1949. The request was reduced to \$529,614,000 by the committee.

The failure of Iran to provide the assurances required of countries receiving military assistance as set forth in section 511 (a) of the Mutual Security Act of 1951 resulted in the suspension of military assistance to that nation from January 8 to April 25, 1952. Military assistance to Iran could not be given until Iran indicated that it would agree, as have all other nations receiving military assistance, to the commitments set forth in the Mutual Security Act.

Under the terms of section 202 of the Mutual Security Act of 1951, up to 10 percent of the sums made available for Greece, Turkey, and Iran may be utilized in other countries in that area if the President determines such assistance is of critical importance to the defenses of the free world. No military assistance funds have been programmed for the Arab states or Israel. It is possible, however, that plans to develop a Middle East command to be closely integrated with SHAPE may come to fruition during the year. In that event sums made available under title II might be used in limited amounts for defense assistance to other countries in the area.

In support of the military assistance program for Greece and Turkey, the committee heard Maj. Gen. William H. Arnold, Chief, Joint American Military Mission for Aid to Turkey. General Arnold summed up the reason for our assistance and the nature of American assistance in these words:

Greece and Turkey occupy extremely strategic positions. The loss of Greece would provide the Soviets with an outlet to the Mediterranean Sea, threaten the flanks of both Turkey and Italy, expose the southern boundary of Yugoslavia, and further unrest in the Middle East. Geography has placed Turkey in the most strategic position of any member of NATO on the Soviet periphery. She faces Bulgaria on the west, controls the vital straits and borders the Soviets for some 200 miles on the east. Turkey is NATO's anchor on the south, a position that requires great strength.

Both Turkey and Greece are poor when compared with other members of NATO. Luckily, this poorness applies only to material things, for both countries possess a priceless wealth in fortitude and stout-heartedness, spelled simply g-u-t-s.

Our military programs have two major facets: Equipment and training. In 4 years substantial amounts of military equipment have been delivered. This embraces almost every type of fighting equipment, all designed to create armed strength as economically as possible. You will find the Turkish, Greek, and Iranian forces have no luxury items. They have not been mechanized beyond bare essentials, and reliance for defense of the country is based upon the equipment and weapons provided under the Mutual Security Program. These units of our allies have been tailored to fit the ground on which they will fight.

In the formulation of our previous requests as well as this one, only essential items are included—those to fill in gaps, to replace things worn out, and to provide for a limited combat reserve principally of ammunition.

I am pleased with the progress we have made in training during the past year. An increasing dependency is being placed on Turk and Greek instructors in service schools, in order to hasten the day when our advisers can be withdrawn. Our motto continues to be: "Teach Turks and Greeks to teach Turks and Greeks."

The increase in the amounts authorized for military assistance in this area in 1953 is justified for two principal reasons. First, the participation of Greece and Turkey as members of the North Atlantic Treaty Organization makes it necessary to look to the military equipment of those two countries from the point of view not only of their own defense, which has been the case heretofore, but from the point of view of the contributions which those two countries can make to the defense of the other partners in the pact. It is necessary, therefore, in the opinion of the Department of Defense, to modernize the equipment of those forces at an accelerated rate. Second, the very real possibility that a Middle East command may be developed requires that funds be available for assistance in equipping forces that may thereby be brought into being.

15. ASIA AND THE PACIFIC

The President requested a total of \$611,230,000 for military assistance to countries in Asia and the Pacific, which figure was reduced to \$533,859,000 by the committee. Last year \$535,250,000 was appropriated for assistance to the same area. The countries tentatively scheduled to receive military assistance under title III are Formosa, Indochina, Korea, the Philippine Republic, and Thailand.

Formosa.—The administration has stated that "the primary objective of the United States in Formosa is to help strengthen the defenses of the island, in order to prevent it from falling into Communist hands and being used as a base for further hostile action in the Pacific." The planned military assistance for Formosa is to strengthen the forces of the Chinese National Government by providing matériel and training. The committee received detailed information as to the end items of military equipment to be delivered to Formosa and testimony that the Chinese Nationalists are doing a great deal to develop their own production of military equipment, particularly in the field of small arms and ammunition.

Steps are being taken under United States guidance to consolidate and reorganize Chinese divisions. The 1953 program of assistance will provide the balance of the equipment that these Chinese forces in being will need to give them their initial equipment.

Indochina.—One of the most important areas of conflict in the world between the forces of the free nations and the Communist forces is in Indochina. French and Associated States' forces have been engaged for the past 3 years in continuous warfare with the Communist-led Viet Minh forces which have in recent months been reinforced by assistance from Communist China. The administration has pointed out the strategic importance of this country stating that "Its fall to the forces of communism would seriously jeopardize the continued freedom of the rest of the southeast Asian mainland."

United States military assistance for the past 3 years has been critically important to the continued survival of the Associated

States as a nation free from Communist control. Continued assistance is essential if the Communist threat is to be met successfully and eventually liquidated.

The Associated States of Indochina are presently putting about 40 percent of their budget into defense expenditures. In addition, the French have been spending over \$1,000,000,000 per year on the French military effort there and have about 140,000 French and colonial troops in action. Of the French troops, about 40,000 are experienced noncoms and officers and among this group the casualties have been very high. The French have lost over 30,000 troops in Indochina.

Most of the projected program for United States assistance to Indochina is directed toward the training and equipping of Indochinese forces, although some of the funds made available will be for weapons, ammunition, and combat vehicles for the use of the French forces.

The Philippines and Thailand.—The military end-item programs for these two nations are based upon much the same considerations, namely, that while neither of these countries is threatened immediately by external aggression, both have serious problems of internal security.

Communist-led guerrillas have been active in the Philippines since the end of World War II. Equipment to be sent there under the program will be for the purpose primarily of increasing the mobility and improving the communications of Government forces used against the Huks.

In Thailand, much of the danger to internal security stems from the fact that it borders on Indochina and Burma—both areas in which insurgent, Communist-led groups are waging war. Thus the military assistance program is concerned with increasing the capability of the Thai forces to handle internal security problems and with strengthening them enough to discourage external aggression.

Witnesses before the committee testified to the strong alinement of these countries on the side of freedom and to the extensive steps which they are each taking to help themselves, particularly in the production of less complex types of military equipment.

Korea.—The military assistance program for Korea is small compared with the programs for other countries in this area because most of the assistance for Korea comes from funds being used to prosecute the United Nations action there. Funds chargeable to the military assistance program will be used almost exclusively for training of advanced Korean officers in the United States so that they will be able to return to Korea to lead their own forces.

16. LATIN AMERICA

The military-assistance program for Latin America last year was fixed by the Congress at \$38,150,000. The President asked for fiscal 1953 that the program be increased by \$62,400,000. This figure was reduced to \$54,501,000 by the committee.

The basic purpose of the United States military-assistance program for Latin America is to encourage those countries to develop their defenses to the point where, if another war should come, they would be able to participate in a substantial way in the defense of this hemis-

phere. During the last war more than 100,000 American troops were stationed in Latin America in connection with the development and defense of air bases, the maintenance of lines of communications, and the guarding of sources of strategic materials. A number of naval vessels were in continuous operation in Latin American waters. To the extent that Latin-American countries can build their defensive strength to take over these tasks in the event of war, United States military requirements will be lessened.

The proposed program for Latin America is not one in which the United States is paying out all the money for defenses. At the time of the hearings on this legislation the Department of Defense had requests from Latin America for the purchase of about \$193 million worth of military equipment here. This is in addition to the sum which the United States plans to provide on a grant basis during the current year. Furthermore, a number of the Latin American countries are sending training missions to the United States, at their own expense, in order to bring their forces to a proper state of training.

The committee was concerned at the time of the hearings that none of the \$38 million authorized for expenditure last October had been obligated. This was explained in part by the fact that it was necessary to negotiate and conclude agreements with each nation to receive assistance prior to the obligation of any funds. In fact, as of April 17, 1952, agreements had been concluded with six countries although the program for fiscal 1953 calls for grant military assistance to eight Latin American countries.

General Olmsted, who testified for the administration on its proposals pointed out that the funds appropriated last year are expected to be obligated by the end of this fiscal year and that the additional \$62,400,000 requested for next year will be sufficient to "complete the capital equipment of the forces * * * now designated for the defense of the hemisphere." In response to questioning, General Olmsted indicated that military assistance to Latin America after this next year will not require new capital outlays and that future assistance would be for maintenance of equipment in the event the Latin American countries may not be able to shoulder all of that burden themselves.

The military assistance program does not call for aid to all Latin-American countries. The present state of their armed forces and their ability to contribute to the defense of the Western Hemisphere does not make the provision of military assistance advisable.

E. DEFENSE SUPPORT AND ECONOMIC AID FOR WESTERN EUROPE

The President requested that the Congress authorize the appropriation of \$1,819,200,000 for "defense support" for the countries of Western Europe covered by Title I of the Mutual Security Act of 1951. This request was reduced to \$1,588,922,000 by the committee. Last year the Congress appropriated \$1,022,000,000 for "economic assistance" for the same area, plus \$100,000,000 for Spain.

The difference between the request this year for "defense support" funds and the request last year for "economic assistance" is largely a matter of emphasis. Last year the Marshall plan was being wound up and economic assistance funds were being diverted as rapidly as possible from uses related primarily to the recovery of the civilian

economy, to uses designed primarily to further European military effort. Congress last year in the Mutual Security Act abolished the Economic Cooperation Administration and created in its stead the Mutual Security Agency (MSA). The MSA, after June 30, 1952, is to exercise only those powers necessary to carry out programs "designed to sustain and increase military effort, including production, construction, equipment, and matériel in each country * * * which receives United States military assistance;" and to have responsibility for the provision of such equipment, materials, commodities, services, financial or other assistance as "the Director for Mutual Security finds to be necessary for carrying out mutual defense programs." (See sec. 503, Mutual Security Act of 1951.) Thus the emphasis in the use of proposed "defense support" funds is to be upon the furnishing of assistance that will enable our partners in Western Europe to build up their military defenses.

The table which follows shows the Administration's estimates of the increased defense expenditures in Western Europe which will result from the proposed defense support assistance to be provided from the United States. With defense support the Administration expects Western Europe to expend \$13,949,000,000 for defense purposes. Without defense support the Administration estimates that for next fiscal year Western Europe would be able only to expend \$10,620,000,000 for defense purposes.

Defense expenditures of eight European NATO countries¹ and Germany, by NATO category, fiscal year 1952, fiscal year 1953 without defense support, fiscal year 1953 with defense support

[In millions of dollars]

	Fiscal year 1952	Fiscal year 1953	
		With defense support	Without defense support
I. Military personnel costs.....	3, 117. 0	3, 589. 0	3, 023. 0
II. Major procurement and production costs.....	2, 012. 0	3, 596. 0	1, 959. 0
(a) Aircraft.....	503. 7	739. 5	448. 0
(b) Artillery.....	142. 0	232. 2	107. 2
(c) Combat vehicles.....	160. 2	279. 3	133. 7
(d) Ammunition and explosives.....	283. 6	434. 0	281. 3
(e) Electronics and communications.....	130. 7	242. 4	127. 1
(f) Weapons and small arms.....	41. 5	103. 3	75. 8
(g) Engineering and military railroad equipment.....	87. 3	129. 4	61. 4
(h) Transport and noncombat vehicles.....	280. 0	765. 4	380. 5
(i) Ships and harbor craft.....	383. 0	490. 5	344. 0
III. Military and other construction.....	737. 0	1, 180. 0	951. 0
IV. Other operating costs.....	2, 662. 0	3, 262. 0	2, 613. 0
V. Other defense expenditures.....	2, 455. 0	2, 322. 0	2, 074. 0
Total.....	10, 983. 0	13, 949. 0	10, 620. 0

¹ Belgium-Luxemburg, Denmark, France, Italy, Netherlands, Norway, Portugal, United Kingdom.

It should be noted that the assistance under the defense support program will be administered in the same way as aid under the Marshall plan. That is, the United States will provide dollars which will be used by the European nations receiving assistance for the purchase of specific commodities and services which can be purchased with dollars. The commodities purchased, however, will be primarily to assist Western Europe to carry on its expanded defense efforts and not to assist in economic recovery.

During the deliberations of the committee, it was proposed that a sizable reduction should be made in the funds authorized for military assistance for Western Europe and a corresponding increase made in defense-support funds. While this proposal was not accepted, the committee wishes to underline the fact that dollars spent for defense support can bring valuable returns in terms of military strength. It was felt, however, that inasmuch as the bill already permits a 10-percent transfer of funds, additional provisions for economic aid would not be necessary.

The projected increase in European defense expenditures means that Europe will have less capacity to produce things for export by which dollars could be earned and that more dollars will in fact be needed to buy raw materials, machinery, fuel, and other items essential to support increased military production. The result is that Europe cannot earn sufficient foreign exchange to pay for its necessary imports.

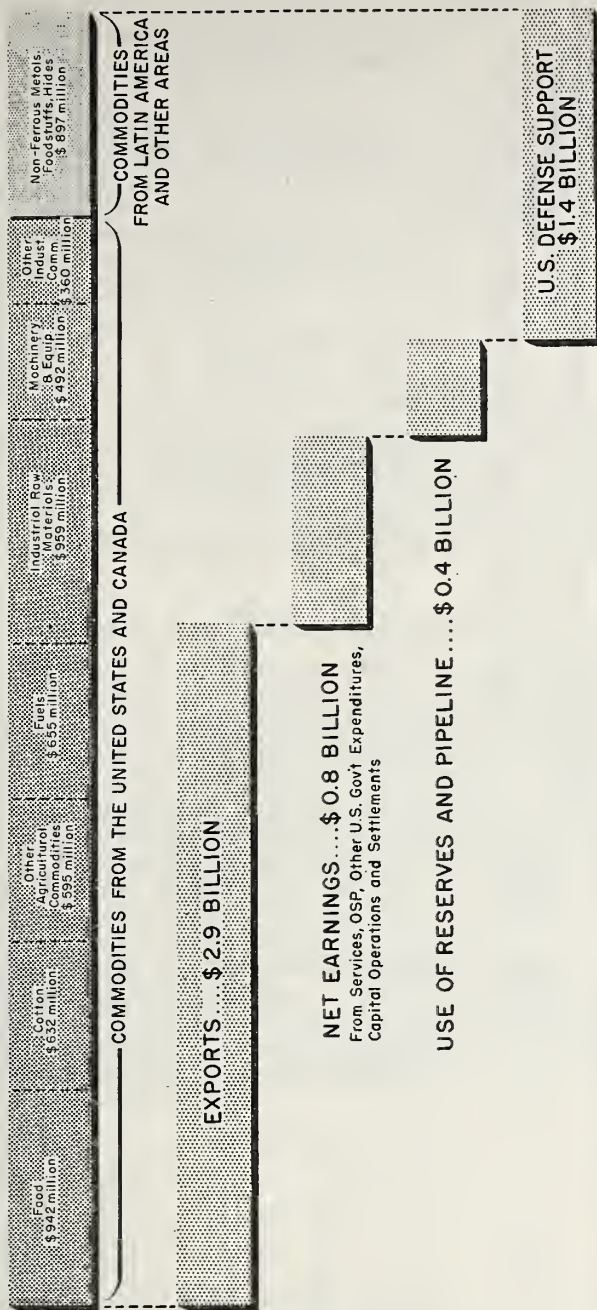
The chart which follows shows the administration's estimates as to the way in which European imports will be financed in the next fiscal year and indicates that defense support funds will be essential to cover the imports Europe needs to carry out present collective defense programs.

While the defense support program will finance the purchase of some materials that will not go directly into military production, as will be seen from the table on page 34, the largest use of these funds will be for the purchase of industrial raw materials (\$559,300,000) and fuels (\$310,500,000). The table also shows the planned distribution of defense support funds as between the countries of Europe. The chart should be used with this caution in mind. The program is based upon the premise that each country will do its part in building up the defenses of the free world. These figures are not to be construed as a commitment to any country. They may be changed and should be changed by the Director for Mutual Security if he finds that any country is not carrying its fair share of the load.

Authority was also granted for the provision of "limited economic assistance" for countries where the United States participates in joint control arrangements; the programs for Austria and Trieste are planned to be carried out under this authority (sec. 503 (c)).

THE EARNINGS OF WESTERN EUROPE ARE INSUFFICIENT TO PAY FOR ESSENTIAL DOLLAR IMPORTS

TOTAL DOLLAR IMPORTS FOR 1952/53 \$5.5 BILLION



NOTE: These figures include the European NATO countries and exclude Greece and Turkey.

Defense Support Program, Europe MSA—financed imports and other assistance, fiscal year 1952-53

[In millions of dollars]

Country	Total	Total commodity imports	Total other country assistance	Food and agricultural imports			Industrial imports				Other country assistance	
				Food	Feed and fertilizer	Natural fibers	Fuels	Industrial raw materials	Capital equipment	Other manufactures and raw materials	Transportation	Assistance via European Payments Union
Austria ¹	86.0	54.3	31.7	23.4	14.2	6.0	10.0	0.4	0.2	0.1	11.7	20.0
Denmark.....	20.0	14.0	6.0				14.0				6.0	
France.....	420.0	338.0	82.0	32.1		47.1	99.8	81.4	66.6	11.0	82.0	
Germany.....	160.0	139.2	20.8	20.0		35.9	10.0	66.4		6.9	20.8	
Greece.....	145.2	41.2	104.0	38.1			1.0	1.1	.7	.3	4.0	100.0
Iceland.....	1.0	1.0					.2		.6			
Italy (including Trieste).....	110.0	90.0	20.0			38.5	35.0	4.5	8.1	3.9	20.0	
Netherlands.....	80.0	72.3	7.7			19.0	14.0	22.4	14.0	2.9	7.7	
Norway.....	10.0	9.1	.9				3.5	1.3	4.0	.3	.9	
Turkey.....	70.0	18.8	51.2				2.0	2.9	13.5	.4	1.2	50.0
United Kingdom.....	590.0	551.0	39.0	30.0			100.0	360.4	37.0	23.6	13.0	226.0
Total.....	1,692.2	1,328.9	363.3	143.6	14.2	146.5	289.5	541.0	144.7	49.4	167.3	196.0
Yugoslavia.....	78.0	71.2	6.8	2.3	.5	23.3	21.0	18.3	2.3	3.5	6.8	
Total country program.....	1,770.2	1,400.1	370.1	145.9	14.7	169.8	310.5	559.3	147.0	52.9	174.1	196.0
Undistributed:												
Basic materials development.....	27.0											
Technical assistance.....	22.0											
Grand total.....	1,819.2											

¹ Economic assistance. There is no military production in Austria.

² MSA obligation pursuant to agreement with United Kingdom of July 7, 1950.

Mutual Security Agency, Apr. 9, 1952.

In order that Members of the Senate may have before them some illustrations of the ways in which United States defense support assistance increases military production in Western Europe, there follow a few examples supplied by the Administration:

1. In the Netherlands, the contribution of \$1 million worth of essential American-made parts has made possible the production of 25 electric locomotives of United States design. These locomotives, now being completed by Heemafin Hengelo and Werkspoor in Aulien, have a total value of \$5.3 million.

2. In Norway, the Sydveranger iron mine, located in the northern part of the country, was completely destroyed by the Germans during the war. United States support has been provided to place this mine in operating condition. As of January 1952 about \$2 million in machinery and equipment had been delivered, thereby assuring during calendar year 1952 production of approximately 500,000 tons of iron ore concentrate, valued at about \$7.5 million.

3. In Norway, De Nordiske Fabrik, A/S, is receiving approximately \$30,000 worth of equipment for the construction of a fat-splitting glycerin plant. The annual output of glycerin is expected to be about 500 tons, valued at over half a million dollars, and the entire production is earmarked for the Norwegian explosives industry.

4. In the United Kingdom, the Rolls Royce and De Haviland companies produce Ghost and Avon jet engines for aircraft. Before 1950, Rolls Royce produced 80 engines a month, De Haviland produced 35. To make possible the expansion of aircraft production under the large-scale British rearmament program, the United States supplied 61 machine tools valued at \$1,540,000 for Rolls Royce and 27 machine tools valued at \$680,000 for De Haviland. Production at Rolls Royce rose to 180 engines a month and at De Haviland to 55. A little over \$2 million in equipment provided through defense support is helping to produce approximately \$60 million worth of additional jet engines a year in these two factories.

F. ECONOMIC AND TECHNICAL ASSISTANCE

Each of the geographic titles of the pending legislation authorizes the appropriation of assistance funds for two general purposes, (1) military assistance and (2) economic and technical assistance. In title I (Europe) the funds authorized for economic, or "defense support," assistance are to be used almost exclusively to enable the countries receiving assistance to increase their defense efforts. The only exception is with respect to \$86,000,000 of assistance for Austria where there is no defense production. (See section entitled "Defense Support.") In the other titles of the bill, the funds provided are for economic or technical assistance and not, in general, for "defense support assistance."

The table which follows gives the general breakdown based on the Administration's proposal, of the amounts requested for technical assistance, showing those which are to be administered by the Mutual Security Agency and those to be administered by the Technical Cooperation Administration. The detailed programs are described in the sections which follow.

Proposed economic and technical assistance programs, fiscal 1953

	Defense support and economic assistance administered by Mutual Security Agency	Technical cooperation programs	Other	Total
Title I, Europe.....	\$1,819,200,000			\$1,819,200,000
Title II, Near East and Africa.....		\$55,000,000		
Arab refugees from Palestine.....			\$65,000,000	
Refugees in Israel.....			76,000,000	196,000,000
Title III, Asia and the Pacific.....	258,000,000	150,000,000		408,000,000
Title IV, Latin America.....		22,000,000		22,000,000
Title V, technical assistance through U. N.....			17,000,000	17,000,000
Migration of surplus manpower.....			10,000,000	10,000,000
Miscellaneous charges.....			2,800,000	2,800,000
Total.....	2,077,200,000	227,000,000	170,800,000	2,475,000,000

NOTE.—These figures were each reduced by the committee by approximately 12.66 percent.

17. THE TECHNICAL COOPERATION PROGRAMS

The Act for International Development declares it to be the policy of the United States—

to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital. * * *

It is also declared the policy of the United States that in reviewing the requests of foreign countries for aid, consideration shall be given to

(1) Whether the assistance applied for is an appropriate part of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned; (2) whether any works or facilities which may be projected are actually needed in view of similar facilities existing in the area and are otherwise economically sound. * * *

The unfortunate and untimely death of Dr. Henry G. Bennett and a group of his top aides in an airplane accident late last year during the course of a survey of needs in the Middle East deprived the Technical Cooperation Administration of an able leader at a critical time.

Mr. Jonathan B. Bingham, Acting Administrator for the TCA, presented the Administration's case for the TCA program for 1953. In his testimony, Mr. Bingham observed that the TCA programs are in the self-interest of the United States. He based his presentation upon the following assumptions:

1. The United States cannot afford to let the free countries of Asia and the Middle East, to say nothing of Latin America, fall under Communist domination. The rest of the free world would then be fatally deficient in raw materials and in manpower.

2. The Communist powers will exert every effort to see that they do acquire effective control of these areas. Where military aggression is not practical, they will work through subversion and propaganda, cleverly picturing a rosy economic and social future under Communist leadership.

3. The people of the underdeveloped areas are more restless and discontented than ever before, partly because conditions actually are deteriorating in some areas, but more importantly because these people now for the first time are aware of what the benefits of the modern world might bring them. They are going to find it increasingly difficult to resist the promises of communism in an atmosphere of continued stagnation or deteriorations. They will move one way or the other.

In this situation, it seems clear what is needed: The peoples of these areas must be given hope that improvement in their living standards lies ahead if they stay on the side of freedom. Such hope is not a purchasable commodity. These peoples do not want charity. They want to do the job themselves, and they are the only ones who can do it. But they need help, both to be shown how and to get started.

In this situation, our point 4 program is a necessity. It provides a positive answer to the wiles of communism. It can do more to provide faith in the United States and in the free world than any amount of words.

The technical assistance program has gradually grown in size. In fiscal 1951, \$31,900,000 was appropriated for technical assistance (including Latin America). In 1952 the figure was increased to \$140,151,000. For fiscal 1953, the President proposed the authorization of \$227,000,000. The proposal for fiscal 1953 divides the funds as follows: \$150,000,000 for south Asia, \$55,000,000 for the Middle East and Africa, and \$22,000,000 for Latin America. These figures were reduced by the committee by approximately 12.66 percent as noted in earlier sections of this report.

As indicated in the preceding paragraphs, the TCA program is primarily one of showing people in the underdeveloped areas how they can improve their lot by themselves. It is not a program for the purpose of giving economic help in the form of commodities and capital equipment. Grants of supplies and equipment are, however, included in technical cooperation programs in order to enhance the effectiveness of the work of the technicians and in some cases these grants are fairly substantial in amount. A large part of the funds should be used for salaries and expenses of technicians sent to these areas and for the training of foreign nationals in the United States, although it is necessary, of course, for technicians and teachers to have supplies, equipment and commodities, in sufficient quantities to enable them to carry on their functions.

According to information presented to the committee the Administration plans during 1953 to spend about \$44,252,000 for technicians and trainees and \$182,748,000 for supplies and equipment. Thus for every dollar spent for training, more than \$4 will be spent for supplies and equipment. The committee calls attention to this fact because it believes that there may be a tendency on the part of some officers concerned with the TCA programs gradually to emphasize commodity and end-item types of assistance rather than technical assistance. The committee feels that changes of emphasis in that direction would be unwise for a number of reasons.

When Congress approved the Act for International Development it did not fix a terminal date for the program largely because it was thought of as a long-range, comparatively low-cost program. Emphasis was to be on assistance in the form of men, not materials. While the need for material assistance is very great in most of these countries, it would be vastly beyond the capacity of the United States to contribute materials and commodities in quantities that would be sufficient to more than scratch the surface. The success of the technical cooperation program depends to a large extent upon the willingness of the host countries to help themselves. In the words of Mr. Bingham, the programs "will not succeed if they are financed and run by the United States. To the maximum possible degree, the host governments should contribute personnel and money, and should participate actively in the operation of the program."

The committee made inquiry into whether the countries being assisted are contributing a fair share of the cost of the program as required by the Act for International Development. It learned that in some countries the recipient governments are contributing nothing to the programs. One of the administration witnesses testified that "under certain circumstances * * * nothing is a fair share." The committee is most anxious that there be no justification for ever referring to the technical cooperation programs as give-away programs. It feels it is very important that the word "cooperation" be emphasized and that the United States not be put in the position of offering assistance to any country that is not willing to take action to help itself.

In order that the Senate may have before it a statement on the matter of the contributions of host governments to technical assistance programs, there is incorporated here a statement prepared by the TCA on this matter.

CONTRIBUTIONS BY THE HOST GOVERNMENTS TO THE COSTS OF THE TECHNICAL COOPERATION PROGRAMS

The technical cooperation programs are designed to act as catalysts in the development of the economically underdeveloped countries. They are intended to assist the host government's efforts, and particularly to increase and guide such efforts, in developing the countries' resources. The Act for International Development requires that the country being assisted shall pay a "fair share" of the cost of the program. In all our operations, therefore, we are attempting to secure as large a contribution as possible from the host governments.

The amounts which the host governments contribute to the different projects vary a great deal depending on the nature of the project, the budgetary position of the country, and the length of time cooperative programs have been carried on with a country. Where we send a technician to advise a ministry on setting up a census bureau, for example, the local costs involved are minimal and may consist only of necessary working space, office supplies, and clerical and other support personnel. In case of an irrigation project, on the other hand, supplies and labor financed with local funds may constitute the major share of the cost. Again, in a country with relatively meager resources, we may have to finance more of a project, to assure that it is carried out effectively, than in a country which has relatively ample financial resources.

Another factor which affects the share of a project's cost which the host government may finance is the length of period during which a cooperation program has been in existence with that government. In Latin America, where we have been carrying on programs for about 10 years, as the countries came to appreciate the contributions which our assistance has made to their economies, the local share of the contributions to the costs of the programs has been increasing. For Latin America as a whole, for example, our contribution in 1943 was more than five times as great as the contributions of the host governments. Five years later, the host governments' contributions exceeded our contributions, and in 1951 their contributions were almost three times as large as ours. The estimated shares of the Latin-American countries in the costs of the proposed programs for fiscal 1953 is shown in the attached table. For the area as a whole it will be seen that the contributions of the host governments to the joint funds are expected to be more than three times as great as the United States contributions.

The programs in the other areas are still in the beginning stages and therefore no comparable figures are available on the contributions of the host government to the programs. In some countries, as in India and Pakistan, the agreements provide joint funds which require these governments to contribute to these funds amounts at least equal to the United States contributions. It is expected, however, that the actual contributions in both countries will be substantially higher than the 1 to 1 ratio. In the Near East the situation for contributions to the cost of projects is generally somewhat less favorable than in the other areas. In the current year in particular, because the programs would be initiated after the local budgets have already been established, several of the governments have found themselves in a difficult position to match our contributions. According to the agreements in setting up joint operating funds in several of these countries,

however, they will in the future contribute at a 1 to 1 ratio to these funds. In other countries our contribution to the cost of the projects will be primarily for the cost of technicians, trainees, and only such minimal supplies as are required by the technicians to enable them to carry out their work effectively.

Israel is required to match the United States contribution for the economic aid it receives in the current year, and the distribution of the Israeli contribution in local currency will be determined jointly by the Israeli and the United States Governments. Part of this fund will be used for development projects. For the present, due to the unfavorable financial situation in Iran, the contribution of the Iranian Government to the projects in the 1952 programs will be considerably less than would be expected under normal conditions. With the resumption of the operation of the oil industry, however, it is expected that Iran's contribution to the technical cooperation program will approximate our share of the cost.

In Liberia, as in Latin America, we have carried on technical cooperation programs over a period of several years. Since the beginning the Liberian Government has increased its share of the cost of the programs, so that it is now about six times as large as the United States share. In Ethiopia, where we are currently undertaking a joint operation, it is expected that the contributions of the two Governments to the joint account will be at a 1 to 1 ratio.

Estimated contributions by the United States and other American Republics to the technical cooperation programs, fiscal year 1953

[Thousands of dollars]

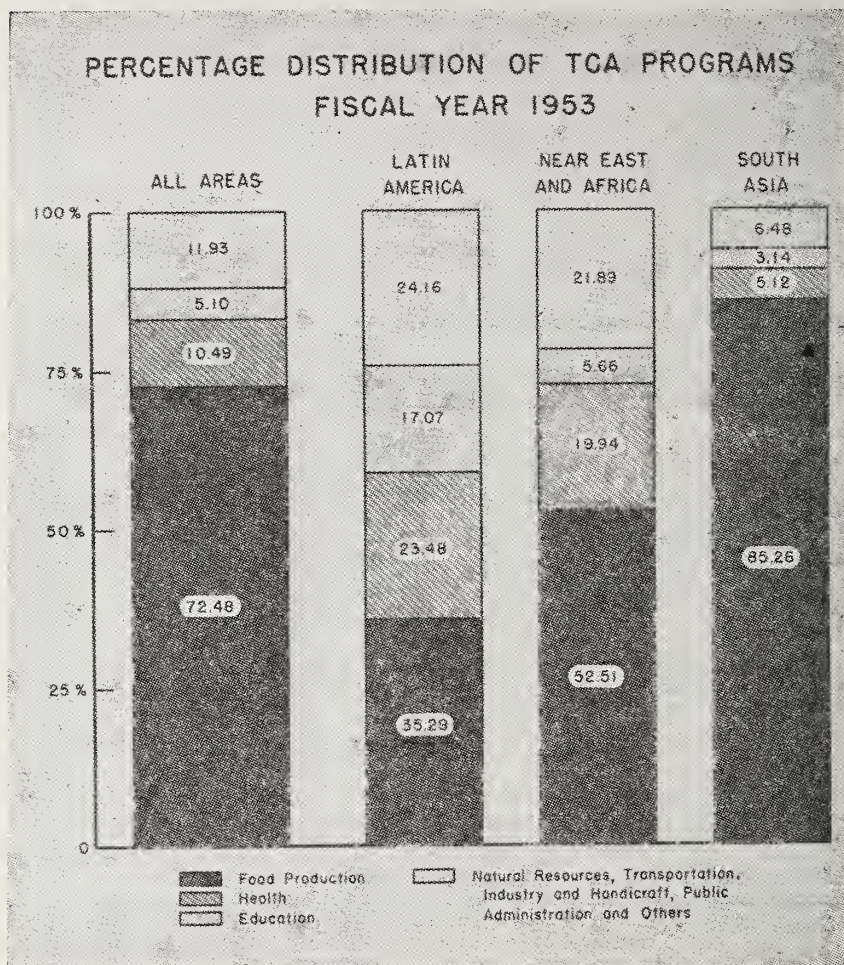
Country	United States program cost	United States contributions to joint funds	Local contributions to project funds
Bolivia.....	1,467	310	465
Brazil.....	4,169	669	4,819
Chile.....	1,237	475	950
Colombia.....	837	223	1,150
Costa Rica.....	1,176	285	475
Cuba.....	278		
Dominican Republic.....	342	80	200
Ecuador.....	1,381	315	1,085
El Salvador.....	767	85	800
Guatemala.....	237		540
Haiti.....	779	200	650
Honduras.....	859	310	800
Mexico.....	1,132	185	437
Nicaragua.....	909	210	200
Panama.....	1,075	317	450
Paraguay.....	1,213	290	795
Peru.....	2,128	611	2,015
Uruguay.....	536	150	450
Venezuela.....	172	25	500
Regional.....	1,306	314	
Total.....	22,000	5,054	16,781

Contributions by United States and the other American Republics to the technical cooperation programs, fiscal years 1943-51

[In thousands of dollars]

Year	United States contributions to joint funds	Total United States cost	Local contributions
1943.....	7,410	8,769	1,644
1944.....	10,824	13,272	2,608
1945.....	8,192	10,573	4,713
1946.....	5,332	7,365	6,094
1947.....	4,204	6,731	7,897
1948.....	5,062	7,396	10,941
1949.....	1,643	4,038	15,089
1950.....	1,968	4,564	16,967
1951.....	2,859	5,766	16,927
Total.....	47,494	68,474	82,880

The principal emphasis of technical-assistance programs during 1953 is to be upon increasing food production. This problem is particularly important in those areas of the world where the population is pushing heavily upon the capacities of the countries to produce their own food. The chart which follows indicates the percentage distribution of the TCA programs as between the production of food, health, and education.



(a) *Near East and Africa.*—The administration requested that \$196,000,000 be authorized for economic and technical assistance to the countries of the Near East and Africa. Included in this figure was \$65,000,000 (reduced to \$56,772,000 by the committee) for the United States contribution to the Palestine refugee fund and \$76,000,000 (reduced to \$66,380,000 by the committee) to assist Israel in meeting problems caused by the influx of refugees into that country. The committee, believing that there might be a tendency

to assume that the refugee programs, discussed below, were a part of the technical-assistance program, amended the proposed legislation to make it clear that the fund for technical and economic assistance is to be \$48,038,000 for 1953 as contrasted with the sum of \$56,256,000 for assistance of the same type to the same area in 1952.

The TCA program for 1953 proposes assistance to the Arab states of Egypt, Iraq, Jordan, Lebanon, Saudi Arabia, Syria, and Yemen in the amount of \$23,500,000; to Iran and Israel in the amount of \$28,000,000, most of which will go to Iran, and to the other independent states of North Africa of Ethiopia, Liberia, and Lybia in the amount of \$3,500,000, thus totaling \$55,000,000. Readjustments in these figures will be required as a result of the committee's action in reducing the figure of \$55,000,000 to \$48,038,000.

The program for the Arab states, which does not yet include Syria and Yemen because agreements with those countries have not been concluded, is one of emphasis on the training of technicians able to help each of the countries deal with the problems peculiar to their own situation. Thus, in countries such as Iraq which have large unutilized land resources, the program is directed toward bringing these lands into productive use. In Egypt, attention is being given to helping her meet problems in connection with the storage of grain. In Jordan, in cooperation with British and United Nations missions, help is being directed toward developing water sources for irrigation and putting her manpower to more productive uses.

For the Arab states as a whole, 58 percent of the proposed programs are for land reclamation, the development of water resources, and increasing food production. Some 19 percent of the funds are to be used for public health and sanitation purposes.

(b) *Asia and the Pacific*.—Of the \$408,000,000 (reduced to \$356,-354,000 by the committee) requested for economic and technical assistance in Asia and the Pacific, the administration requested that \$150,000,000 be administered by the TCA and the balance of \$258,-000,000 by the Mutual Security Agency. Formosa, Indochina, the Philippines, and Thailand are receiving military aid from the United States, and MSA operations in these countries are being carried on in close support of these mutual defense programs. Economic and technical assistance of the kind being furnished by MSA in these countries is necessary to forestall active Communist aggression or to prevent political disruptions that threaten to play into the hands of the Communists and bring mutual defense efforts to naught. Though Burma and Indonesia are receiving no military aid, it seems important to have MSA continue to operate the economic and technical assistance programs in these countries, rather than to shift them to TCA at this time. All the southeast Asia countries are exposed to a clear and present Communist threat, and the committee believes it would be unwise to experiment with changes in administration under these circumstances. However, the committee feels that as soon as some substantial degree of stability is achieved there that it would be proper for the TCA to take over assistance operations in these countries.

The TCA programs in south Asia as projected by the administration for next year will be substantially the same as for 1952 except that the funds for India will be increased from about \$54,565,000 to

\$115,000,000; and the funds for Pakistan from about \$10,778,000 to \$33,500,000, subject, of course, to the committee's reductions. These are the largest increases in this area.

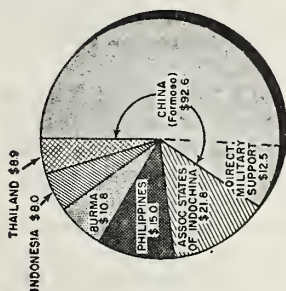
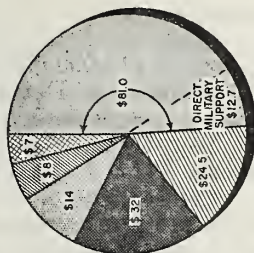
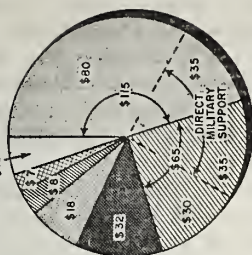
In India emphasis is to be continued on helping increase food production. The successful operations of TCA programs in pilot projects in the Etawah region of India where food production has been increased by 46 percent over a 3-year period have indicated that further assistance along these lines will be most productive.

In Pakistan attention is to be given to supplying technical assistance to improve agricultural efficiency and production and to develop power and transportation facilities.

The Mutual Security Programs for the Pacific area are designed to help the independent states there to build economic foundations strong enough to enable them to maintain their independence. The programs in this area which last year totaled \$166,500,000 will be increased to \$258,000,000 (subject to the committee reduction) under the administration's proposal for 1953. The largest part of the assistance will go to Formosa which is to receive \$115,000,000. The Formosan assistance will go for the most part to direct military support and to maintaining economic strength by assisting Formosa in purchasing commodities.

The chart which follows indicates the general distribution of funds for the far eastern economic program by country and by project.

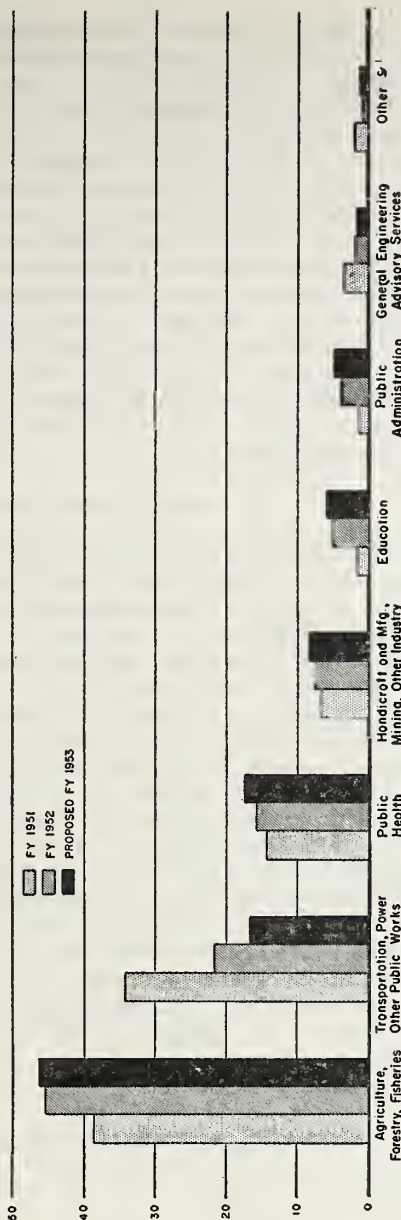
MSA FAR EAST PROGRAMS

BASIC MATERIALS DEVELOPMENT FUND
(UNALLOCATED)FY 1951 - \$157.1 ^aFY 1952 - \$166.5 ^a

PROPOSED FY 1953 - \$258

BY
COUNTRYMillions
of
Dollars

□ FY 1951
 ■ FY 1952
 ■ PROPOSED FY 1953

BY
TYPE
OF
PROJECTPercentage
Distribution
of Total for
6 Countries ^b^a Excludes \$0.2 million unallocated by country^b Percent of total dollar cost of projects only (excludes commodities in category "maintenance of essential supply", and Basic Materials Development Fund projects). For dollar values, see table on page 11.^c Emergency war relief (Associated States of Indochina)

(c) *Latin America*.—The administration proposed the authorization of \$22,000,000 for technical cooperation programs in Latin America, reduced to \$19,215,000 by the committee, as contrasted with \$21,245,653 appropriated last year for the same area. Most of these funds are to be administered by the Institute of Inter-American Affairs which has been operating in Latin America since the war. They will be distributed on a bilateral, "grant-in-aid" basis. However, the administration proposes to make a contribution to the Organization of American States in the amount of \$1,000,000 for multilateral technical assistance in Latin America.

The committee was encouraged to note that the programs in Latin America over the past 5 years have seen increased contributions on the part of the recipient governments as noted above. It believes that the total TCA program will be moving in the right direction if the result of technical assistance is to encourage host governments to do more and more for themselves along the lines promoted by assistance given.

18. MULTILATERAL TECHNICAL COOPERATION

The administration proposed the authorization of \$17,000,000 for contributions under the terms of the Act for International Development to international organizations for technical cooperation programs. This was an increase of \$4,000,000 over the \$13,000,000 which was authorized for that purpose last year. The \$17,000,000 authorization was reduced by the committee to \$14,848,000.

More than 50 nations have joined together in projects to provide technical assistance to underdeveloped countries on an international basis. The TCA witnesses testified that the bilateral program of the United States is carried on in close coordination with the international program and that the two programs complement each other. The committee believes it is most important that there be no overlapping between the two programs and recognizes that there may be numerous occasions when technical assistance can better be provided on a multilateral rather than on a bilateral basis.

The United States under the proposals for 1953 for United Nations technical assistance programs is expected to carry about 60 percent of the total cost. The table which follows indicates the way in which the total U. N. program funds are to be divided as between organization and function.

United Nations program of technical assistance—Estimates for United Nations and specialized agencies by geographic region, calendar 1953

Agency	Title I— Europe	Title II— Near East and Africa	Title III—Pacific		Title IV— American Republics	Total
			South Asia	Southeast Asia		
Food and Agricultural Organization.....	\$470,000	\$2,712,000	\$1,260,000	\$1,134,000	\$1,913,000	\$7,527,000
International Civil Aviation Organization.....	36,000	398,000	190,000	171,000	87,000	900,000
International Labor Organization.....	328,000	681,000	638,000	574,000	676,000	2,856,000
International Telecommunications Union.....		79,000	83,000	75,000	51,000	200,000
United Nations.....	185,000	1,290,000	977,000	880,000	2,589,000	5,970,000
United Nations Education, Scientific, and Cultural Organization.....	129,000	906,000	905,000	815,000	827,000	3,637,000
World Health Organization.....	202,000	2,293,000	926,000	834,000	1,398,000	5,710,000
World Meteorological Organization.....		79,000	83,000	75,000	51,000	200,000
Total.....	1,350,000	8,438,000	5,062,000	4,558,000	7,592,000	27,000,000

United Nations program of technical assistance—Estimates by fields of activity, calendar 1953

	Experts		Fellowships		Supplies and materials	Total
	Number	Cost	Number	Cost		
1. Agriculture, forestry, and fisheries.....	295	\$3,628,500	320	\$1,024,000	\$2,046,500	\$6,699,000
2. Health and sanitation.....	222	2,730,600	245	784,000	1,568,200	5,082,800
3. Natural resources, public works and transportation.....	92	1,131,600	100	320,000	559,000	2,010,600
4. Education.....	103	1,266,900	111	355,200	635,000	2,257,100
5. Industry, handicraft, and housing.....	149	1,832,700	160	512,000	915,100	3,259,800
6. Public administration.....	192	2,361,600	205	656,000	648,500	3,666,100
7. Joint economic commissions and surveys.....	62	762,600	52	166,400	125,600	1,054,600
Administrative costs.....						2,970,000
Total.....	1,115	13,714,500	1,193	3,817,600	6,497,900	27,000,000

United States share, 60 percent.

19. THE PALESTINE REFUGEE PROGRAM

The problem of the Arab refugees from Palestine is now before the Senate for the fourth time in as many years. The Senate is, therefore, familiar with the background of the problem.

The administration requested \$65,000,000 for Arab refugees from Palestine during fiscal year 1953. This will constitute the second United States installment on a 3-year relief and resettlement program which began on July 1, 1951, and according to estimates, will total \$250,000,000.

The 3-year program, approved by the U. N. General Assembly last winter, is designed to resettle the Arab refugees in the near eastern countries and end international relief operations. The distribution of

relief and resettlement funds is programed by the United Nations Relief and Works Agency for Palestine Refugees in the Near East as follows:

	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Total
Relief.....	\$27,000,000	\$18,000,000	\$5,000,000	\$50,000,000
Resettlement.....	50,000,000	100,000,000	50,000,000	200,000,000
Total.....	77,000,000	118,000,000	55,000,000	250,000,000

It will be noted from the table that relief expenditures are expected to drop sharply from a peak of \$27,000,000 for fiscal year 1952 to a final low of \$5,000,000 for fiscal year 1954. Funds devoted for reintegration programs, on the other hand, will reach their peak in fiscal year 1953 when \$100,000,000 is programed for resettlement projects.

The committee heartily endorses the United Nations objective of shifting as rapidly as possible from relief to resettlement operations. The United States cannot be expected to continue indefinite relief programs of this type without an end in sight. The committee has noted, however, that the program is based upon the achievement of goals on the assumption that all interested parties in the Near East—the Arab States, the refugees themselves, and Israel—will cooperate wholeheartedly in the program, and that the necessary amounts will be raised voluntarily by United Nations members.

In 1949, the committee in approving \$16,000,000 for a 9-month program for the relief of Palestine refugees stated that—

The committee does not look upon the United Nations resolution, or the subsequent favorable action taken by this committee * * * as constituting a precedent in establishing the United Nations responsibility for refugee problems in general or for repeated appeals for aid on a voluntary basis.

In 1950 this committee approved an 18-month United Nations program and a United States contribution of \$27,450,000. In its report at that time, the committee declared:

As can be seen, the proposed program calls for the liquidation of direct relief by the end of 1950 * * *. Although there is a possibility that the United Nations may need to continue some direct relief after that period, it is contemplated that the direct relief problem will be of manageable proportions by the end of 1950. By that time also the Palestine Relief Administration should be able to conclude arrangements with the near-eastern governments so that they can by December 31, 1950, at the latest, take full responsibility for the maintenance of refugees that remain within their territories.

In approving \$40,000,000 (subsequently increased to \$50,000,000) last year, the committee reported that no great progress had been made toward the resettlement of refugees during fiscal year 1951, but "greater progress is expected for the coming fiscal year * * *." Testimony taken recently by the committee, however, has revealed that the number of refugees on relief rolls has not appreciably diminished since the committee reported last on this program, nor have many resettlement funds been committed to date.

This testimony also developed that the political climate in the Near East which has so far delayed negotiations for the resettlement of the refugees has not changed as much during the past year as had been hoped. The committee cannot stress enough its urgent conviction

that the settlement of the Arab refugees must be accomplished in the near future. These refugees and the political problem they represent are a constant threat to stability in the Near East. It is in the interest of the Arab States, as well as the United States, to seek an early solution to this problem.

The committee has also noted that the expectation of contributions by United Nations members has not been met. For fiscal year 1951, the program called for \$54,900,000 of which the United States contributed \$27,450,000. Cash receipts for that fiscal year, however, totaled only \$37,000,000 including the United States contribution. Total contributions (including contributions in kind, contributions by Arab states and by voluntary agencies) were \$45,000,000, over \$9,000,000 below expectations. As shown by the table above, the fiscal year 1952 contemplates the expenditure of \$77,000,000 of which the United States will contribute \$50,000,000. As of the end of March, the United Nations has received \$30,000,000 in contributions including \$20,000,000 from the United States. The United Nations expects to receive by June 30, 1952, from all sources about \$72,000,000 which is again \$5,000,000 short of its goal.

The committee is disturbed by this aspect of the programing. The committee feels that as long as the United States contributes so heavily to this program other nations must make substantial contributions for their part.

In accordance with the over-all cut voted by the committee, the executive branch's request for \$65,000,000 for the Palestine refugees has been reduced to \$56,772,000. The committee approves this amount with an earnest hope and expectation that the problem of these refugees will be forcefully attacked during the coming fiscal year so that they can look forward to peaceful integration and a decent livelihood in the near eastern countries. The committee is aware that humanitarian, economic and political considerations dictate that, in the national interest of the United States, these refugees cannot be allowed to starve while their future is being settled.

20. EMERGENCY AID TO ISRAEL

Emergency aid to Israel was inaugurated last year with the authorization of \$50,000,000 in section 205 of the Mutual Security Act of 1951, "for specific refugee relief and resettlement projects in Israel." The insertion of this provision was a recognition by Congress of the United States interest and concern with the stability of Israel and its economic integration in the Near East.

Most of Israel's problems are attributable to the inadequacy of its resources to provide for its growing population. Despite an austerity program and vigorous fund-raising campaigns abroad, Israel does not have enough foreign exchange to meet the minimum needs of its people and at the same time carry out a capital investment program designed to provide gainful pursuits for its people on a long-range basis.

The program devised to meet Israel's need is essentially an ECA-type operation. It can be justified on the basis that Israel is faced with a unique problem in having to absorb and continue to absorb a large number of immigrants.

The total program proposed for Israel for fiscal year 1953 amounts to \$79,000,000 of which \$3,000,000 is for technical assistance and covered elsewhere in this report, and \$76,000,000 is for emergency economic aid. These amounts compare with a total of \$64,950,000 allocated to Israel for fiscal 1952 of which \$63,500,000 was in the nature of economic aid under sections 203 (\$13,500,000) and 205 (\$50,000,000) of the Mutual Security Act of 1951 and \$1,450,000 in the form of technical assistance. The funds for 1952 were programed to be divided among these major categories: (1) Relief for refugees, \$38,000,000; (2) homes and communities, \$11,000,000; and (3) development programs for employment, \$14,500,000. As of March 1, 1952, \$25,730,000 had been obligated, negotiations for the obligation of \$24,270,000 had been completed and negotiations for the remainder were under way.

The proposed 1953 program continues the basic purposes of the 1952 program, namely (1) to provide food, clothing, and fuel for the refugees; and (2) to resettle the refugees by assistance in housing, and agricultural and industrial development.

The following table illustrates the proposed division of funds among the major categories:

Tabulation of emergency aid to Israel, fiscal 1953

	<i>Millions of dollars</i>
Relief for refugees:	
1. Basic food requirements.....	15
2. Fodders.....	5
3. Raw materials for clothing and footwear.....	6
4. Fuel.....	9
	<hr/> 35 <hr/>
Resettlement of refugees:	
A. Homes and communities:	
1. Housing.....	5
2. Seed, fertilizer, etc.....	3
3. Farm buildings.....	3
4. Farm machinery, tools, spares.....	4
5. Livestock.....	2
6. Medical facilities.....	1
	<hr/> 18 <hr/>
B. Development programs for employment:	
1. Transport.....	5
2. Power.....	5
3. Irrigation.....	6
4. Industry.....	6
5. Fishing.....	1
	<hr/> 23 <hr/>
Total emergency aid.....	<hr/> 76 <hr/>

The committee notes that the amounts to be devoted to refugee relief are decreased while those to be devoted to resettlement are increased. The committee favors this change of emphasis in the program. In fact, the committee urges the administration to end relief operations as soon as possible and concentrate on economic development, with the purpose of helping Israel to become self-supporting in the quickest time possible. The committee wishes to emphasize that it regards this program as a short-term emergency operation to be terminated as soon as practical.

The committee voted to reduce the amount of emergency aid to Israel from \$76,000,000 to \$66,380,000.

21. THE KOREAN RECONSTRUCTION PROGRAM

Last year the United Nations in anticipation of the end of hostilities in Korea created the United Nations Korean Reconstruction Agency (UNKRA). The objectives of the agency are (1) to provide minimum food, shelter, clothing, and medical services, (2) to assist in increasing Korean production, (3) to assist in developing agriculture and fisheries, (4) to assist in training Koreans in technical skills, and for similar purposes necessary to help Korea maintain her independence and economic strength. Such a program cannot go into effect until the end of hostilities and in the meantime minimum assistance of this kind is being handled by the United Nations unified command. The program of UNKRA calls for a total of \$250 million, \$162.5 million of which was tentatively pledged by the United States, subject to congressional approval, and the balance to be contributed by other United Nations.

Last year Congress reappropriated \$50 million and authorized an additional \$45 million for this program. This year the administration requested that the unexpended balances appropriated last year be carried over, that the \$45 million authorization be continued, and that not to exceed \$67,500,000 of goods which the Department of the Army has on hand at such time as UNKRA takes over operations should be made available to UNKRA, with proper credit being given such American contributions. It is not expected that UNKRA will be able to take over these operations in Korea until about 6 months after the cessation of hostilities.

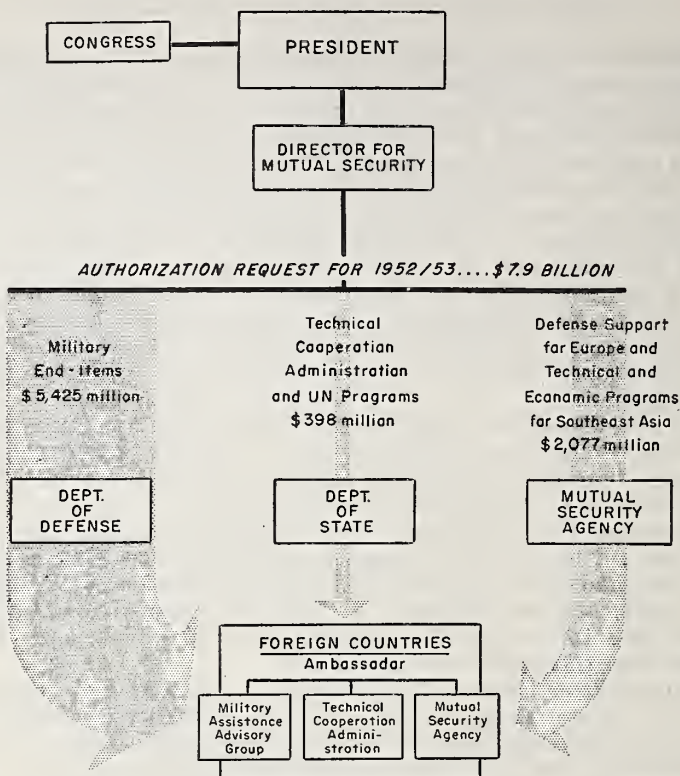
The committee believes it is extremely important that in the event of the end of hostilities the United States be prepared in collaboration with other United Nations to do all it can to help the people of Korea in some small measure to recoup the losses which they have suffered by reason of their being victims of Communist aggression.

G. SPECIAL TOPICS

22. ADMINISTRATION

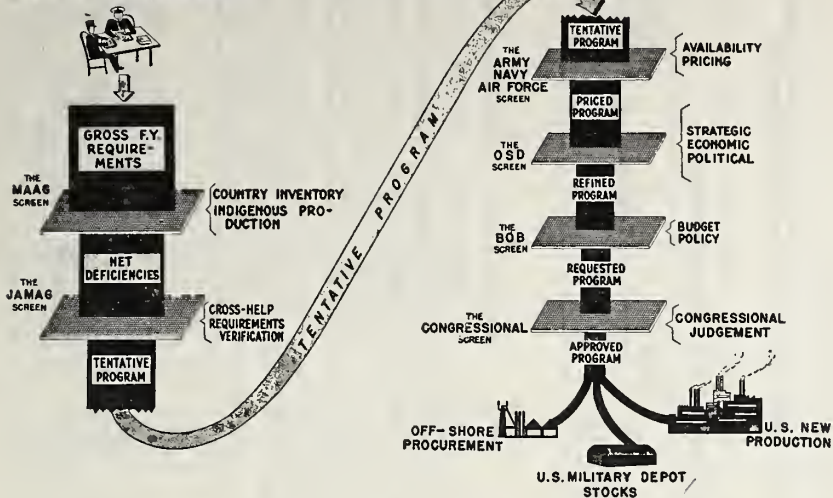
The Mutual Security Agency which was given responsibility by Congress last October for the coordination of foreign military, economic, and technical assistance programs has not yet had time to complete all details that go with a reorganization as broad as that prescribed by the Congress. The committee has been well impressed, however, with the coordinated approach to the mutual security legislation as evidenced by the Administration's presentation this year. Because the subject of administration was examined so carefully by the Congress during the last session, the committee did not devote a great deal of attention this year to study of this question. It submits to the Senate, however, two charts which show the way in which the funds for next year will be expended under the direction of the Mutual Security Agency and which describe the screening process through which military requests must pass before they are submitted to Congress.

THE MUTUAL SECURITY PROGRAM



DEPARTMENT OF DEFENSE
MILITARY ASSISTANCE SCREENING PROCESS
 (NATO COUNTRIES)

COUNTRY & MAAG REPRESENTATIVES



23. UNOBLIGATED AND UNEXPENDED BALANCES

There has been considerable confusion in public testimony and discussions relative to provisions in the pending legislation which authorize the carry over of "unexpended balances of any appropriations heretofore made."

In order that the Senate may have the complete picture before it, relative to unexpended and unobligated funds in the Mutual Security Assistance Program, there is printed a table prepared by the Mutual Security Agency which shows the unexpended and unobligated balances as of certain dates in the past and projected through June 30, 1953. There is also printed a chart showing the unexpended balances on a comparative basis.

*Mutual Security—Estimate of funds available, obligations, and expenditures*¹

[Includes funds appropriated through fiscal year 1952 for ERP, China Aid, and MDAP on cumulative basis from inception of programs, and amount requested for fiscal year 1953. Also includes point 4 and other programs authorized in the Mutual Security Act for 1951 for fiscal year 1952 and amount requested for fiscal year 1953]

[In millions of dollars]

	Military assistance					Defense support, economic and technical assistance							Assistance to Spain ⁶	Total Mutual Security assistance
	Title I Title II Title III Title IV Total ² Title I ³ Title II ⁴ Title III Title IV Total ⁵					Title III			Title IV ⁷	Title V	Total			
						Excluding UNKRA ⁶	UNKRA ⁶	Total						
OBLIGATION DATA														
1. Net cumulative funds available through fiscal year 1952	\$9,709.9	\$936.4	\$1,117.9	\$38.2	\$11,802.4	\$13,283.1	\$160.0	\$587.6	\$50.2	\$637.8	\$25.9	\$14,106.8	\$102.5	\$26,071.7
2. Cumulative obligations through Jan. 31, 1952	6,127.9	556.1	639.5		7,323.5	12,303.4	45.1	439.8		439.8	11.9	12,800.2	52.7	20,176.4
3. Unobligated balance Jan. 31, 1952	3,582.0	380.3	478.4	38.2	4,478.9	979.7	114.9	147.8	50.2	198.0	14.0	1,306.6	109.8	5,895.3
4. Estimated obligations Feb. 1, 1952, through June 30, 1952					4,178.9	979.7	114.9	147.8		50.2	198.0	1,306.6	59.8	5,545.3
5. Estimated total cumulative obligations June 30, 1952 (items 2+4)	(⁹)	(⁹)	(⁹)	(⁹)	11,502.4	13,283.1	160.0	587.6		50.2	637.8	14,106.8	112.5	25,721.7
6. Estimated unobligated balance June 30, 1952 (items 1+5)	(⁹)	(⁹)	(⁹)	(⁹)	300.0								50.0	350.0
7. Authorization request for 1953	4,145.0	606.37	611.23	62.4	5,425.0	1,819.2	196.0	408.0		408.0	22.0	2,475.0		7,900.0
8. Total available for obligation 1953	(⁹)	(⁹)	(⁹)	(⁹)	5,725.0	1,819.2	196.0	408.0		408.0	22.0	2,475.0	50.0	8,250.0
9. Estimated obligations 1953	(⁹)	(⁹)	(⁹)	(⁹)	5,725.0	1,819.2	196.0	408.0		408.0	22.0	2,475.0	50.0	8,250.0
EXPENDITURE DATA														
1. Net cumulative funds available through fiscal year 1952	9,709.9	936.4	1,117.9	38.2	11,802.4	13,283.1	160.0	587.6		50.2	637.8	14,106.8	162.5	26,071.7
2. Cumulative expenditures through Jan. 31, 1952	1,570.3	222.8	340.0		2,133.1	11,497.8	34.4	294.3			294.3	11,828.8	17.9	13,979.8
3. Unexpended balance, Jan. 31, 1952	8,139.6	713.6	777.9	38.2	9,669.3	1,785.3	125.6	293.3			50.2	2,278.0	144.6	12,091.9
4. Estimated expenditures, Feb. 1, 1952, through June 30, 1952	(⁹)	(⁹)	(⁹)	(⁹)	1,771.0	953.5	104.4	184.7			50.2	1,313.2	54.6	3,138.8

5. Estimated total cumulative expenditures, June 30, 1952 (items 2 and 4)-----	(⁽¹⁾)	(⁽²⁾)	(⁽³⁾)	(⁽⁴⁾)	(⁽⁵⁾)	(⁽⁶⁾)	(⁽⁷⁾)	(⁽⁸⁾)	(⁽⁹⁾)	(⁽¹⁰⁾)	(⁽¹¹⁾)	(⁽¹²⁾)	(⁽¹³⁾)	(⁽¹⁴⁾)
6. Estimated unexpended balance, June 30, 1952-----	(⁽¹⁾)	(⁽²⁾)	(⁽³⁾)	(⁽⁴⁾)	(⁽⁵⁾)	(⁽⁶⁾)	(⁽⁷⁾)	(⁽⁸⁾)	(⁽⁹⁾)	(⁽¹⁰⁾)	(⁽¹¹⁾)	(⁽¹²⁾)	(⁽¹³⁾)	(⁽¹⁴⁾)
7. Authorization request for 1953-----	(⁽¹⁾)	(⁽²⁾)	(⁽³⁾)	(⁽⁴⁾)	(⁽⁵⁾)	(⁽⁶⁾)	(⁽⁷⁾)	(⁽⁸⁾)	(⁽⁹⁾)	(⁽¹⁰⁾)	(⁽¹¹⁾)	(⁽¹²⁾)	(⁽¹³⁾)	(⁽¹⁴⁾)
8. Total available for expenditure, 1953-----	(⁽¹⁾)	(⁽²⁾)	(⁽³⁾)	(⁽⁴⁾)	(⁽⁵⁾)	(⁽⁶⁾)	(⁽⁷⁾)	(⁽⁸⁾)	(⁽⁹⁾)	(⁽¹⁰⁾)	(⁽¹¹⁾)	(⁽¹²⁾)	(⁽¹³⁾)	(⁽¹⁴⁾)
9. Estimated expenditures, 1953-----	(⁽¹⁾)	(⁽²⁾)	(⁽³⁾)	(⁽⁴⁾)	(⁽⁵⁾)	(⁽⁶⁾)	(⁽⁷⁾)	(⁽⁸⁾)	(⁽⁹⁾)	(⁽¹⁰⁾)	(⁽¹¹⁾)	(⁽¹²⁾)	(⁽¹³⁾)	(⁽¹⁴⁾)
10. Estimated unexpended balance, June 30, 1953-----	(⁽¹⁾)	(⁽²⁾)	(⁽³⁾)	(⁽⁴⁾)	(⁽⁵⁾)	(⁽⁶⁾)	(⁽⁷⁾)	(⁽⁸⁾)	(⁽⁹⁾)	(⁽¹⁰⁾)	(⁽¹¹⁾)	(⁽¹²⁾)	(⁽¹³⁾)	(⁽¹⁴⁾)

*UNKRA, United Nations Korean Reconstruction Agency.

¹ This schedule is prepared on a net appropriation basis with adjustments reflected for actual transfers of funds between appropriation. However, the 1952 figures have not been adjusted for comparability to conform with the minor changes proposed in the 1953 appropriation structure.

² Reflects the merger of funds appropriated for the Mutual Defense Assistance program with the funds appropriated for military assistance pursuant to the Mutual Security Act for 1951.

³ Reflects the merger of funds transferred to title I economic under authority of section 101 (b) of the Mutual Security Act for 1951.

⁴ Reflects only 1952 funds appropriated for the ECA European program with funds appropriated for economic assistance under title I of the Mutual Security Act for 1951.

⁵ Reflects the merger of funds appropriated for the economic program under title II of the Mutual Security Act of 1951.

⁶ Reflects the merger of funds appropriated for assistance to China under the China Aid Act of 1948 as amended with funds appropriated for economic assistance under title III of the Mutual Security Act of 1951.

⁷ Includes only the unobligated balance brought forward from funds appropriated for assistance to the Republic of Korea for 1951 pursuant to sec. 303 (a) of the Mutual Security Act of 1951.

⁸ Includes funds appropriated in 1952 for the Mutual Security Act of 1951 plus a balance at end of fiscal year 1951 brought forward from funds available to the Institute of Inter-American Affairs.

⁹ Includes funds appropriated in 1952 for the Mutual Security Act of 1951 plus \$62.5 million public debt authorization for loan to Spain authorized in chapter XI "Foreign Aid", Public Law 759, 81st Cong.

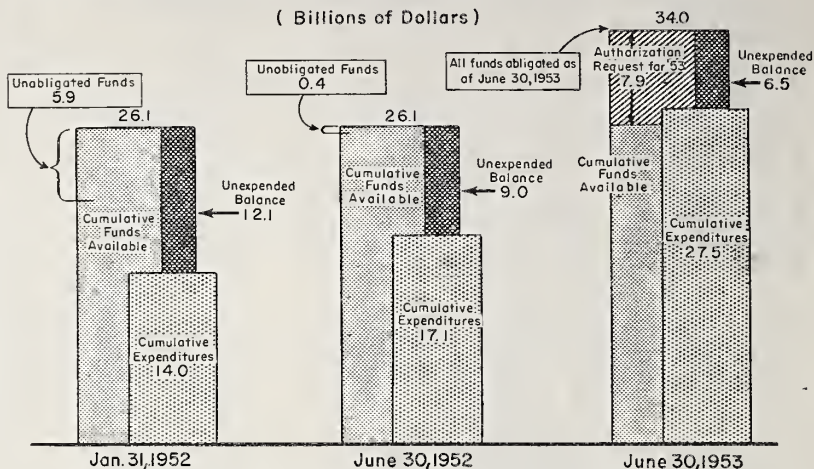
¹⁰ Not available.

Source: Prepared by Comptroller, Office of the Director for Mutual Security, Mar. 26, 1952.

THE MUTUAL SECURITY PROGRAM

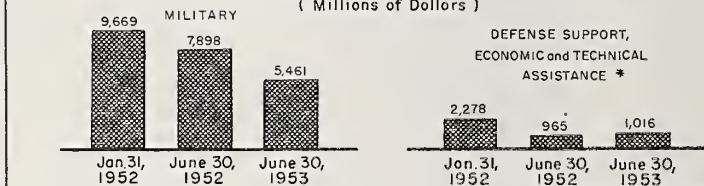
ESTIMATE OF CUMULATIVE FUNDS AVAILABLE, CUMULATIVE EXPENDITURES AND UNEXPENDED BALANCES

(Billions of Dollars)



UNEXPENDED BALANCES BY PROGRAM

(Millions of Dollars)



* Excludes Spain.

Much of the confusion seems to have arisen from the release of figures on January 31, 1952, showing that as of that date out of a total amount appropriated of \$26,071,700,000, for mutual security, \$12,091,900,000 was still unexpended and of this unexpended figure \$5,895,300,000 was still unobligated. This has given rise to suggestions that with all this money still in the bank it is unnecessary to authorize the appropriation of additional mutual security assistance funds for fiscal 1953. As will be noted from the preceding table, however, as of the end of this fiscal year it is anticipated that the unexpended figure will be down to \$8,953,100,000 and the unobligated figure will be \$350,000,000.

In order to analyze these figures, care must be taken to distinguish between unexpended funds and unobligated funds. Before funds can be obligated they must be appropriated and they are usually obligated long in advance of their expenditure. Thus, if the Defense Department wishes to send a shipment of tanks to Western Europe, it is necessary to make a contract for their production (based upon

appropriations that have been made) and yet it may be from 18 months to 2 years before the tanks will be delivered. The money for payment of the tanks must by law be available when the contract is signed but is generally expended (that is, actually paid for with cash) only when the tanks are delivered. The funds, though not expended, are nevertheless tied up during the period of the contract and are not available for expenditure for other items. Thus, there is always some time lag between the obligation of funds and their expenditure and, in the case of long lead-time items like tanks, aircraft, and complicated electronic equipment, the time lag may be very substantial.

The fact is that if no new money were appropriated this year for obligation in fiscal 1953, there would be but \$350,000,000 available for the total mutual security program for next year. At the present time the Defense Department is obligating funds at a rate of over \$1,000,000,000 per month. Thus, if no new funds were appropriated for 1953, by about July 15, 1952, the estimated unobligated sum of \$350,000,000 would be exhausted and there would be no funds available with which to place orders for the balance of the year. True, as of June 30, 1952, the unexpended figure will still be nearly \$9 billion, but at that time all but \$350,000,000 of those unexpended funds will need to be held to make payments on contracts many of which were entered into as much as 2 years ago.

To avoid a year's hiatus in the Mutual Security Program, it is imperative that new funds be authorized and appropriated now to serve as the basis for contracts to be made during fiscal 1953.

Some question may be raised about the \$350,000,000 which will be unobligated as of June 30, 1952. According to testimony received by the committee it is essential to be able to carry over this unobligated figure in order to take care of design changes that may involve some increases in payments on contracts that have already been entered into.

The committee examined the question of unobligated and unexpended balances most carefully, and feels that any attempt to use these figures as a basis of supporting cuts in the authorization would be a mistake and would substantially interfere with our efforts to complete, as soon as possible, the job of building the defenses of the free world.

24. CONTINUATION OF CERTAIN PROVISIONS OF THE ECONOMIC COOPERATION ACT OF 1948, AS AMENDED

Section 502 of the Mutual Security Act of 1951 abolished the Economic Cooperation Administration and provided that after June 30, 1952—

none of the powers, functions, and responsibilities conferred by that Act shall be exercised * * * except those powers, functions, and responsibilities found necessary to enable the Director (for Mutual Security) to carry out the duties conferred on him by section 503 of this Act, which powers, functions, and responsibilities unless otherwise provided by law shall continue in effect until June 30, 1954.

Pursuant to the provisions of this section, the President on March 26, 1952, informed the appropriate congressional committees of the powers, functions, and responsibilities not found necessary to enable

the Director for Mutual Security to carry on his responsibilities under the terms of the Mutual Security Act of 1951. The Committee on Foreign Relations considered the President's letter, which follows, and agreed that the transfers of power proposed were proper. The committee felt, however, that provisions of the Economic Cooperation Act relating to guaranties for informational media and to the payment of freight for relief shipments, which would have lapsed under the terms of the President's letter, should be continued by other agencies. Provision to continue this authority in these respects are included in the pending bill.

THE WHITE HOUSE,
Washington, March 26, 1952.

HON. TOM CONNALLY,
*Chairman, Committee on Foreign Relations,
United States Senate, Washington 25, D. C.*

MY DEAR MR. CHAIRMAN: Pursuant to section 502 (c) of the Mutual Security Act of 1951 (Public Law 165, 82d Cong., 1st sess., approved October 10, 1951), I hereby inform the Committee on Foreign Relations of the Senate that I have found that, except as hereinafter set forth, all of the powers, functions, and responsibilities transferred to the Director for Mutual Security by subsection (b) (2) of section 502 of said act are necessary to enable the Director for Mutual Security, after June 30, 1952, to carry out the duties conferred upon him by section 503 of said act.

Powers, functions, and responsibilities under the Economic Cooperation Act of 1948, as amended, with respect to the following are not necessary to enable the said Director, after June 30, 1952, to carry out the duties so conferred upon him:

1. Creation of a corporation (sec. 104 (d)).
2. Consultation with the Secretary of State in the specific manner prescribed in section 105 (b).
3. Consultation between the chief of the special mission and the chief of the United States diplomatic mission in the specific manner prescribed in section 109 (b).
4. Guaranty of investments in enterprises producing or distributing informational media (sec. 111 (b) (3)).
5. Procurement and increased production in participating countries, under sections 115 (i) (1) and 117 (a), of materials which are required by the United States as a result of deficiencies or potential deficiencies in the resources within the United States; and purchase, under section 115 (i) (2), of strategic and critical materials in any participating country.
6. Promotion and development of travel by citizens of the United States to and within participating countries (sec. 117 (b)).
7. Payment of ocean freight charges of relief supplies and packages (sec. 117 (c)).

The findings under section 502 (c) have been framed in terms of a specification of powers to be discontinued rather than powers to be continued. This approach has been adopted because by the enactment of section 503 the Congress has already limited the range of the Director's responsibilities with respect to the activities of the Mutual Security Agency, thereby anticipating the action which had originally been contemplated would result from the finding under section 502 (c).

The Congress, in the Mutual Security Act, reaffirmed the proposition that the mutual security efforts of the free world should not fail because some cooperating countries cannot now provide all the physical and financial resources required for defense mobilization. The Mutual Security Agency already has adjusted its programs and organization, and has curtailed some functions and modified others in order to direct its full effort to the objectives of the mutual security program. Under section 502 (b) (2) of the act, however, the Mutual Security Agency now is using to support mutual defense the same major powers and functions which originally were needed to assist economic recovery. This experience has shown that the basic powers of the Economic Cooperation Act, appropriately redirected toward the new objectives, are necessary to enable the Director for Mutual Security, after June 30, 1952, to carry out his responsibilities under section 503 of the Mutual Security Act. Those provisions of the Economic Cooperation Act which are not required for this purpose are set forth in the above finding.

Although the Mutual Security Agency's authority to subsidize relief shipments and to make guaranties of informational media investments will be discontinued, it is essential that these activities be carried on after June 30, 1952. There has been submitted for the consideration of the Congress as a part of the 1953 mutual security legislation a request for authority and funds which would permit the President to designate any department or agency of the Government to carry on the function of subsidizing relief shipments. At an early date there also will be submitted for the consideration of the Congress a request for authority to enable the Government to continue the work of guaranteeing investments in informational media enterprises.

I am enclosing for your information copies of a report relating to the foregoing prepared by the Director of the Bureau of the Budget.

Sincerely yours,

HARRY S. TRUMAN.

25. USE OF COUNTERPART FOR EDUCATIONAL EXCHANGE PROGRAMS

The enactment in 1946 of Public Law 584, amending the Surplus Property Act of 1944, has permitted an educational exchange program with more than 20 nations. The program has been operated with local currencies derived from the sale of surplus property left in foreign countries after World War II.

It is now proposed by section 10 of the proposed legislation to permit the Department of State to make use of counterpart funds and other local currencies acquired by settlements such as those under lend-lease, (a) to supplement existing programs in those countries where surplus property funds are inadequate to finance the desired program, and (b) to finance programs in those countries where the absence of any local surplus property funds precludes the initiation of a program. The proposal, for the foreseeable future, would allow an increased program and the initiation of programs in a number of countries. In particular, it would permit a continuation of programs in countries where surplus property funds will no longer be available after the fiscal year 1953.

Following the general pattern established in Public Law 584, no appropriation as such is sought and local currencies would be available without reimbursement from any appropriation.

The proposed amendment seeks no priority for the use of local currencies for educational exchange programs but seeks to establish the authority for their use where agreements can be arrived at with the respective countries for an educational exchange program and for the use of these currencies for that purpose.

26. SHIPPING PROVISIONS

Section 409 of the Mutual Defense Assistance Act requires that 50 percent of the equipment and materials made available under that act be carried in United States flag vessels. The committee considered whether the provisions of this section are applicable to material supplied on a reimbursable basis under section 408 (e) of the act, which is furnished to a foreign nation without cost to the United States and is the property of the purchasing country at the point of delivery. The committee decided that since the foreign government is purchasing this material with its own funds that it is not proper to require such a country to ship 50 percent of this material on United States flag vessels. Therefore, section 408 (e) is amended to make it clear that the shipping provisions of the act are not applicable to materials furnished under that section.

27. INTERNATIONAL CHILDREN'S EMERGENCY FUND

Last October the Senate passed S. 2079 authorizing the appropriation of \$12,000,000 for contributions to the United Nations International Children's Emergency Fund during the fiscal year ending June 30, 1952. No action on this bill was taken in the House. The last appropriation for this purpose was the \$5,750,000 in the Third Supplemental Appropriation Act, 1951. All of that sum was required to match contributions from other governments made prior to June 30, 1951, and was paid in full before the end of 1951.

The amount of \$20,962,000 authorized in S. 3086 is required to enable the United States to contribute a fair proportion of the UNICEF program requirements for the period provided in Resolution 417 of the fifth session of the United Nations General Assembly. In S. 2079 the Senate approved \$12,000,000 for the present fiscal year. The authorization in S. 3086 provides the same amount for each of the two fiscal years 1952 and 1953, subject to the same percentage reduction applied to the entire bill.

H. CONCLUSION

The Committee on Foreign Relations, after careful review of the President's proposals for the continuation of the Mutual Security Act through fiscal 1953, believes that it is in the best interests of the United States to continue this program.

This committee has long believed and demonstrated its belief that the United States can no longer be secure by relying on its own strength alone. This committee has believed that in the face of the world-wide threat posed by Communist aggression the greatest measure of security for the United States lies in peaceful collaboration with the other free nations of the world. Founded on this belief the committee has recommended and the Senate supported a series of measures to increase the security and stability of the free world: Aid to Greece and Turkey, the Rio Treaty, the European recovery program, the North Atlantic Treaty, the Technical Assistance Program, the Mutual Defense Assistance Program, and the Mutual Security Act of 1951.

Having acknowledged that United States security is augmented by economic and political stability and military strength in the free nations of the world, the committee feels that it is in the national interests of the United States to continue to help our friends produce these conditions of stability and strength individually and collectively. The stronger the free nations are, the greater is the security of the United States. For these reasons, the committee commends the proposed bill to the Senate for favorable action.

APPENDIX

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 2 OF THE MUTUAL SECURITY ACT

SEC. 2. (a) The Congress declares it to be the purpose of this Act to maintain the security and to promote the foreign policy of the United States by authorizing military, economic, and technical assistance to friendly countries to strengthen the mutual security and individual and collective defenses of the free world, to develop their resources in the interest of their security and independence and the national interest of the United States and to facilitate the effective participation of those countries in the United Nations system for collective security. The purposes of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), and the Act for International Development (22 U. S. C. 1557) shall hereafter be deemed to include this purpose.

(b) *The Congress welcomes the recent progress in political federation, military integration, and economic unification in Europe and reaffirms its belief in the necessity of further vigorous efforts toward these ends as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures for political federation, military integration, and economic unification in Europe. Appropriations made pursuant to paragraphs 101 (a) (1), relating to military assistance and 101 (a) (2), relating to defense support and economic assistance of this Act, may be used, pursuant to the applicable terms and conditions of the Mutual Defense Assistance Act of 1949, as amended, and the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), respectively, to furnish assistance (including, in the case of amounts available pursuant to paragraph 101 (a) (2), transfers of funds) to any of the following organizations: (a) The North Atlantic Treaty Organization, (b) the European Coal and Steel Community, (c) the organization which may evolve from current international discussions concerning a European defense community.*

SECTION 101 OF THE MUTUAL SECURITY ACT

TITLE I—EUROPE

SEC. 101. (a) In order to support the freedom of Europe through assistance which will further the carrying out of the plans for defense of the North Atlantic area, while at the same time maintaining the economic stability of the countries of the area so that they may meet their responsibilities for defense, and to further encourage the economic unification and the political federation of Europe, there are hereby authorized to be appropriated to the President for the fiscal year 1952 for carrying out the provisions and accomplishing the policies and purpose of this Act—

(1) not to exceed \$5,028,000,000 for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), for countries which are parties to the North Atlantic Treaty and for any country of Europe (other than a country covered by another title of this Act), which the President determines to be of direct importance to the defense of the North Atlantic area and whose increased ability to defend itself the President determines is important to the preservation of the peace and security of the

North Atlantic area and to the security of the United States (any such determination to be reported forthwith to the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives), and not to exceed \$100,000,000 of such appropriation for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia, or the Communist dominated or Communist occupied areas of Germany and Austria, and any other countries absorbed by the Soviet Union either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when it is similarly determined by the President that such assistance will contribute to the defense of the North Atlantic area and to the security of the United States. In addition, unexpended balances of appropriations heretofore made for carrying out the purposes of the Mutual Defense Assistance Act of 1949, as amended, through assistance to any of the countries covered by this paragraph are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this paragraph. Section 408 (c) of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1579), is hereby repealed. *There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$3,620,317,000, for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) to countries eligible for assistance under this paragraph; and in addition unexpended balances of any appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.*

(2) not to exceed \$1,022,000,000 for assistance pursuant to the provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522) (including assistance to further European military production), for any country of Europe covered by paragraph (1) of this subsection and for any other country covered by section 103 (a) of the said Economic Cooperation Act of 1948, as amended. In addition, unexpended balances of appropriations heretofore made for carrying out the purposes of the Economic Cooperation Act of 1948, as amended, are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this paragraph: *Provided*, That not to exceed \$10,000,000 of the funds made available pursuant to this paragraph may be utilized to effectuate the principles set forth in section 115 (e) of the Economic Cooperation Act of 1948, as amended. *There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$1,588,922,000, to carry out the purposes and provisions of this paragraph; and in addition unexpended balances of appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.*

(b) Not to exceed 10 per centum of the total of the appropriations granted pursuant to this section may be transferred, when determined by the President to be necessary for the purpose of this Act, between appropriations granted pursuant to either paragraph of subsection (a): *Provided*, That the amount herein authorized to be transferred shall be determined without reference to any balances of prior appropriations continued available pursuant to this section: *Provided further*, That, whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives.

(c) *Unexpended balances of appropriations made available for assistance to Spain pursuant to this section by the Act of October 31, 1951 (Public Law 249, Eighty-second Congress), are authorized to be continued available until June 30, 1953.*

SECTION 201 OF THE MUTUAL SECURITY ACT

TITLE II—NEAR EAST AND AFRICA

SEC. 201. In order to further the purpose of this Act by continuing to provide military assistance to Greece, Turkey, and Iran, there are hereby authorized to be appropriated to the President for the fiscal year 1952, not to exceed \$396,250,000 for furnishing assistance to Greece and Turkey pursuant to the provisions

of the Act of May 22, 1947, as amended (22 U. S. C. 1401-1410), and for furnishing assistance to Iran pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604). In addition, unexpended balances of appropriations heretofore made for assistance to Greece and Turkey, available for the fiscal year 1951, pursuant to the Act of May 22, 1947, as amended, and for assistance to Iran pursuant to the Mutual Defense Assistance Act of 1949, as amended, are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this section. *There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$529,614,000, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.*

SECTION 203 OF THE MUTUAL SECURITY ACT

SEC. 203. In order to further the purpose of this Act in Africa and the Near East, there are hereby authorized to be appropriated to the President, for the fiscal year 1952, not to exceed \$160,000,000 for economic and technical assistance in Africa and the Near East in areas other than those covered by section 103 (a) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1502). Funds appropriated pursuant to this section shall be available under the applicable provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), and of the Act for International Development (22 U. S. C. 1557). *There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$48,038,000, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.*

NEW SECTION 206 OF THE MUTUAL SECURITY ACT

SEC. 206. *In addition to the amounts authorized by section 203, there is hereby authorized to be appropriated not to exceed \$56,772,000 for carrying out the purposes and provisions of section 204 of this Act, relating to Palestine refugees, during the fiscal year 1953; and not to exceed \$66,380,000 for carrying out the purposes and provisions of section 205 of this Act, relating to refugees in Israel, during the fiscal year 1953: Provided, That amounts appropriated pursuant to this section which the President finds cannot be effectively expended to carry out the purposes and provisions of sections 204 and 205 may be transferred to and merged with the appropriations authorized by section 203.*

SECTION 301 OF THE MUTUAL SECURITY ACT

TITLE III—ASIA AND PACIFIC

SEC. 301. In order to carry out in the general area of China (including the Republic of the Philippines and the Republic of Korea) the provisions of subsection (a) of section 303 of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1604 (a)), there are hereby authorized to be appropriated to the President for the fiscal year 1952, not to exceed \$535,250,000. In addition, unexpended balances of appropriations heretofore made for carrying out the provisions of title III of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1602-1604), are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this section. Not to exceed \$50,000,000 of funds appropriated pursuant to this section (excluding balances of appropriations continued available) may be accounted for as provided in subsection (a) of said section 303. *There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$533,859,000, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.*

SECTION 302 OF THE MUTUAL SECURITY ACT

SEC. 302. (a) In order to further the purpose of this Act through the strengthening of the area covered in section 301 of this Act (but not including the Republic of Korea), there are hereby authorized to be appropriated to the President, for the

fiscal year 1952, not to exceed \$237,500,000 for economic and technical assistance in those portions of such area which the President deems to be not under Communist control. Funds appropriated pursuant to authority of this section shall be available under the applicable provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), and of the Act for International Development (22 U. S. C. 1557). In addition, unexpended balances of funds heretofore made available for carrying out the purposes of the China Area Aid Act of 1950 (22 U. S. C. 1547) are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this section. *There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$356,354,000, to carry out the purposes and provisions of this subsection; and in addition unexpended balances of any appropriations heretofore made pursuant to this subsection are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized. Appropriations made pursuant to this subsection may be used without being limited by section 503 of this Act, the section which limits economic assistance to that necessary to carry out mutual defense programs.*

(b) The third proviso of section 202 of the China Area Aid Act of 1950 is amended by inserting "and of Korea" after "selected citizens of China" the first time it appears therein. *Unexpended balances of allocations heretofore made to the Secretary of State pursuant to that proviso shall be continued available until expended.*

SECTION 303 (a) AND (b) OF THE MUTUAL SECURITY ACT

SEC. 303. (a) In order to provide for a United States contribution to the United Nations Korean Reconstruction Agency, established by the resolution of the General Assembly of the United Nations of December 1, 1950, there are hereby authorized to be appropriated to the President *for the fiscal year 1953* not to exceed \$45,000,000. In addition, unobligated balances of the appropriations heretofore made, and available during the fiscal year 1951, for assistance to Korea under authority of the Far Eastern Economic Assistance Act of 1950, as amended (22 U. S. C. 1543, 1551, 1552), are hereby authorized to be continued available through June 30, [1952] 1953, and to be consolidated with the appropriation authorized by this section. *In addition, the United States Department of the Army is hereby authorized to make available to the United Nations Korean Reconstruction Agency, at the time when that Agency assumes full responsibility for relief and rehabilitation in Korea, goods and services of a value not to exceed \$67,500,000 which the Department of the Army then has on hand or on order for civilian relief in Korea and which the President determines should be contributed by the United States to the United Nations Korean Reconstruction Agency for use in its relief and rehabilitation operations in Korea. The value of goods and services made available pursuant to the preceding sentence shall be credited toward the contribution to be made by the United States to the United Nations Korean Reconstruction Agency.* Not to exceed 50 per centum of the total of the appropriations authorized by this section may, when determined by the President to be necessary for the purpose of this Act, be transferred to and consolidated with the appropriation authorized by paragraph 302 (a).

(b) The sums made available pursuant to subsection (a) may be contributed from time to time on behalf of the United States in such amounts as the President determines to be appropriate to support those functions of the United Nations Korean Reconstruction Agency which the military situation in Korea permits the Agency to undertake pursuant to arrangements between the Agency and the United Nations Unified Command. [The aggregate amount which may be contributed on behalf of the United States pursuant to the preceding sentence shall be reduced by the value of goods and services made available to Korea by any department or agency of the United States for relief and economic assistance after the assumption of responsibility for relief and rehabilitation operations in Korea by the United Nations Korean Reconstruction Agency.]

TITLE IV OF THE MUTUAL SECURITY ACT

TITLE IV—AMERICAN REPUBLICS

SEC. 401. In order to further the purpose of this Act through the furnishing of military assistance to the other American Republics, there are hereby authorized to be appropriated to the President, for the fiscal year 1952, not to exceed \$38,150,000 for carrying out the purposes of this section under the provisions of the Mutual Defense Assistance Act of 1949, as amended: *Provided, That such*

assistance may be furnished only in accordance with defense plans which are found by the President to require the recipient country to participate in missions important to the defense of the Western Hemisphere. Any such assistance shall be subject to agreements, as provided herein and as required by section 402 of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1573), designed to assure that the assistance will be used to promote the defense of the Western Hemisphere; and after agreement by the Government of the United States and the country concerned with respect to such missions, military assistance hereunder shall be furnished only in accordance with such agreement.

SEC. 402. In order to further the purpose of this Act among the peoples of the American Republics through the furnishing of technical assistance, there are hereby authorized to be appropriated to the President, for the fiscal year 1952, not to exceed \$21,250,000 for assistance under the provisions of the Act for International Development (22 U. S. C. 1557) and of the Institute of Inter-American Affairs Act, as amended (22 U. S. C. 281).

SEC. 403. *In addition to the amounts heretofore authorized and appropriated, there are hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$54,501,000 to carry out the purposes and provisions of section 401, which relates to military assistance for Latin America, and not to exceed \$19,215,000 to carry out the purposes and provisions of section 402, which relates to technical assistance for Latin America. In addition, unexpended balances of the appropriation heretofore made pursuant to each such section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the applicable appropriation authorized by this section.*

SECTION 514 OF THE MUTUAL SECURITY ACT

[STRATEGIC MATERIALS]

[SEC. 514. In order to promote the increased production, in areas covered by this Act, of materials in which the United States is deficient, not to exceed \$55,000,000 of the funds authorized to be appropriated pursuant to section 101 (a) (2) of this Act may be used pursuant to the authority contained in the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522).]

SECTION 522 OF THE MUTUAL SECURITY ACT

[LOANS]

[SEC. 522. Section 111 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), is hereby amended by adding a new paragraph as follows:

["(3) Of the assistance provided under the applicable provisions of this Act with funds made available under the authority of the Mutual Security Act of 1951, as great an amount (in no event less than 10 per centum) as possible shall be provided on credit terms."]

SECTION 519 (a) OF THE MUTUAL SECURITY ACT

LOCAL CURRENCY

SEC. 519. (a) Upon a determination by the Director that it will further the purpose of this Act, not to exceed \$10,000,000 of the funds made available pursuant to section 203 of this Act and not to exceed \$25,000,000 of funds made available pursuant to section 302 of this Act may be advanced *out of funds made available for assistance under the Economic Cooperation Act* to countries covered by said sections in return for equivalent amounts of the currency of such countries being made available to meet local currency needs of the aid programs in such countries pursuant to agreements made in advance with the United States: *Provided*, That except when otherwise prescribed by the Director as necessary to the effective accomplishment of the aid programs in such countries, all funds so advanced shall be held under procedures set out in such agreements until used to pay for goods and services approved by the United States or until repaid to the United States for reimbursement to the appropriation from which drawn.

NEW SECTIONS 532, 533, 534, 535 AND 536 OF THE MUTUAL SECURITY ACT

SEC. 532. The provisions of section 119 of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1517), which concern exemption from contract and accounting laws, shall apply to the performance of functions authorized by this Act.

SEC. 533. (a) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in title 37 of the United States Code may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

(b) Officers of the United States Public Health Service and officers of the Coast and Geodetic Survey, who are assigned for duty under this Act outside the continental limits of the United States, may receive the allowances and benefits provided for officers in the Foreign Service Reserve or Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801-1204), and may also receive salary differentials as provided in that Act computed on their basic pay under the Career Compensation Act of 1949, as amended (37 U. S. C. 231-320); and, in addition to any quarters furnished them by the Government, such officers may receive, during the period of their assignment for duty outside the continental limits of the United States, the allowance payable under section 302 (f) of the Career Compensation Act of 1949, as amended (37 U. S. C. 252 (f)).

SEC. 534. In order to encourage further the movement of migrants from European countries having surplus population, there is hereby authorized to be appropriated to the President \$8,734,000 for use in making contributions for the calendar year 1953 to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe established at Brussels, Belgium, on December 5, 1951, or to any successor organization.

SEC. 535. The authority to pay ocean freight charges on shipments of relief supplies and packages under section 117 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1515 (c)), shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate: Provided, That, this authority shall hereafter also be applicable to relief shipments by voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid to any country eligible for economic or technical assistance under this Act: And provided further, That not to exceed \$2,446,000 are authorized to be appropriated to the President for the fiscal year 1953 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended.

SEC. 536. The authority to make informational media guaranties under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate.

SECTION 403 (d) OF THE MUTUAL DEFENSE ASSISTANCE ACT OF 1949

(d) Not to exceed \$450,000,000 worth of excess equipment and materials may be furnished under this Act or may hereafter be furnished under the Act of May 22, 1947, as amended: *Provided*, That after June 30, 1950, such limitation shall be increased by \$250,000,000 and after June 30, 1951, by an additional \$300,000,000, and after June 30, 1952, by an additional \$200,000,000. For the purposes of this subsection, the worth of any excess equipment or materials means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment or materials owned by the furnishing agency.

SECTION 408 (e) OF THE MUTUAL DEFENSE ASSISTANCE ACT OF 1949

(e) (1) The President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of equipment, [materials] materials, or services to: (A) nations eligible for assistance under title I, II, [or III of this Act.] III, or IV of the Mutual Security Act of 1951, or (B) a nation which has joined with the

United States in a collective defense and regional arrangement, or (C) *any international military organization or headquarters if, in the opinion of the President, such assistance will further the purposes of this Act, or* [(C)] (D) any other nation not eligible to join in collective defense and regional arrangement referred to in clause (B) above, but whose ability to defend itself or to participate in the defense of the area of which it is a part, is important to the security of the United States: *Provided, That, prior to the transfer of any equipment, materials, or services to a nation under this clause [(C)] (D), it shall provide the United States with assurance that such equipment, materials, or services are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state: Provided further, That, in the case of any such transfer, the President shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.*

(2) Whenever equipment or material is transferred from the stocks of, or services are rendered by, any agency, to any nation or international organization as provided in paragraph (1) above, such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services *before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter.* The fair value for the purpose of this paragraph shall not be less for the various categories of equipment or materials than the ["value"] value as defined in subsection (c) of section 403: *Provided, That with respect to excess equipment or materials the fair value may not be determined to be less than the value specified in paragraph 1 of that subsection plus (a) 10 per centum of the original gross cost of such equipment or materials; (b) the scrap value; or (c) the market value, if ascertainable, whichever is the greater.* Before a contract is entered into, or *rehabilitation work is undertaken*, such nation shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such *rehabilitation* which will assure the United States against any loss on the contract, or *rehabilitation work*, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the *rehabilitation work* in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or *rehabilitation work*: *Provided, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid the United States by such nations, shall at no time exceed [\$500,000,000] \$700,000,000.*

(3) *The provisions of section 409 of this act shall not apply to equipment, materials, and commodities made available under this subsection.*

SECTION 404 (b) OF THE ACT FOR INTERNATIONAL DEVELOPMENT

(b) Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations for technical cooperation programs carried on by it and its related organizations which will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis. The President is further authorized to make contributions for technical cooperation programs carried on by the Organization of American States, its related organizations, and by other international organizations: *Provided, That for the fiscal year ending June 30, 1952, such contributions from funds made available under authority of sections 101 (a) (2), 203, 302, and 402 of the Mutual Security Act of 1951 shall not exceed in the aggregate \$13,000,000, and the use of such contributions shall not be limited to the area covered by the section of the Act from which the funds are drawn. Provided further, That for the fiscal year 1953 not to exceed \$14,848,000 is authorized to be appropriated to the President for use in making contributions under this subsection.*

SECTION 413 (a) OF THE ACT FOR INTERNATIONAL DEVELOPMENT

SEC. 413. In order to carry out the purposes of this title—

(a) The President shall appoint, by and with the advice and consent of the Senate, [a person] *an Administrator for Technical Cooperation*, who, under the direction of the President or such other officer as he may designate pur-

suant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of ~~[\$15,000]~~ \$16,000 per annum. *The President may also appoint, by and with the advice and consent of the Senate, a Deputy Administrator for Technical Cooperation who shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Technical Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator. The Deputy Administrator shall receive compensation at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum.*

SECTION 32 (b) (2) OF THE SURPLUS PROPERTY ACT OF 1944, AS AMENDED

(2) In carrying out the provisions of this section, the Secretary of State is authorized to enter into an executive agreement or agreements with any foreign government for the use of currencies, or credits for currencies, of such government ~~[acquired as a result of such surplus property disposals,]~~ *held or available for expenditure by the United States or any agency thereof (or deposited pursuant to agreements entered into pursuant to section 115 (b) (6) and 115 (h) of the Economic Cooperation Act of 1948, as amended), and not required by law or agreement with such government to be expended or used for any other purpose, for the purpose of providing, by the formation of foundations or otherwise, for (A) financing studies, research, instruction, and other educational activities of or for American citizens in schools and institutions of higher learning located in such foreign country, or of the citizens of such foreign country in American schools and institutions of higher learning located outside the continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands, including payment for transportation, tuition, maintenance, and other expenses incident to scholastic activities; or (B) furnishing transportation for citizens of such foreign country who desire to attend American schools and institutions of higher learning in the continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands, and whose attendance will not deprive citizens of the United States of an opportunity to attend such schools and institutions: Provided, however, That no such agreement or agreements shall provide for the use of an aggregate amount of the currencies, or credits for currencies, of any one country in excess of \$20,000,000 or for the expenditure of the currencies, or credits for currencies, of any one foreign country in excess of \$1,000,000 annually at the official rate of exchange for such currencies, unless otherwise authorized by Congress, nor shall any such agreement relate to any subject other than the use and expenditure of such currencies or credits for currencies for the purposes herein set forth: Provided further, That for the purpose of selecting students and educational institutions qualified to participate in this program, and to supervise the exchange program authorized herein, the President of the United States is authorized to appoint a Board of Foreign Scholarships, consisting of ten members, who shall serve without compensation, composed of representatives of cultural, educational, student and war veterans groups, and including representatives of the United States Office of Education, the United States Veterans' Administration, State educational institutions, and privately endowed educational institutions: And provided further, That in the selection of American citizens for study in foreign countries under this paragraph preference shall be given to applicants who shall have served in the military or naval forces of the United States during World War I or World War II, and due consideration shall be given to applicants from all geographical areas of the United States. The Secretary of State shall transmit to the Congress not later than the 1st day of March of each year a report of operations under this paragraph during the preceding calendar year. Such report shall include the text of any agreements which have been entered into hereunder during the preceding calendar year, and shall specify the names and addresses of American citizens who are attending schools or institutions of higher learning in foreign countries pursuant to such agreements, the names and locations of such schools and institutions, and the amounts of the currencies or credits for currencies expended for any of the purposes under this paragraph in each such foreign country during the preceding calendar year.*

S. 3086

[Report No. 1490]

IN THE SENATE OF THE UNITED STATES

APRIL 30, 1952

Mr. CONNALLY, from the Committee on Foreign Relations, under authority of the order of the Senate of April 28, 1952, reported the following bill; which was read twice and ordered to be placed on the calendar

MAY 5 (legislative day, MAY 1), 1952

Referred to the Committee on Armed Services with instructions to report to the Senate on or before May 15, 1952

A BILL

To amend the Mutual Security Act of 1951, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act
4 of 1952".

5 SEC. 2. Section 2 of the Mutual Security Act of 1951
6 is amended by inserting "(a)" after the section number and
7 by adding at the end thereof a new subsection as follows:

8 "(b) The Congress welcomes the recent progress in
9 political federation, military integration, and economic uni-
10 fication in Europe and reaffirms its belief in the necessity of
11 further vigorous efforts toward these ends as a means of

1 building strength, establishing security, and preserving peace
2 in the North Atlantic area. In order to provide further
3 encouragement to such efforts, the Congress believes it es-
4 sential that this Act should be so administered as to
5 support concrete measures for political federation, mili-
6 tary integration, and economic unification in Europe. Appro-
7 priations made pursuant to paragraphs 101 (a) (1), relating
8 to military assistance, and 101 (a) (2), relating to defense
9 support and economic assistance, of this Act may be used,
10 pursuant to the applicable terms and conditions of the Mutual
11 Defense Assistance Act of 1949, as amended, and the Eco-
12 nomic Cooperation Act of 1948, as amended (22 U. S. C.
13 1501-1522), respectively, to furnish assistance (including,
14 in the case of amounts available pursuant to paragraph 101
15 (a) (2), transfers of funds) to any of the following organ-
16 izations: (a) The North Atlantic Treaty Organization, (b)
17 the European Coal and Steel Community, (c) the organ-
18 ization which may evolve from current international discus-
19 sions concerning a European defense community.”

20 SEC. 3. Title I (relating to Europe) of the Mutual Se-
21 curity Act of 1951 is amended as follows:

22 (a) At the end of section 101 (a) (1), which relates
23 to military assistance for Europe, add the following new
24 sentence: “There is hereby authorized to be appro-

1 priated to the President for the fiscal year 1953 not
2 to exceed \$3,620,317,000, for assistance pursuant to the
3 provisions of the Mutual Defense Assistance Act of 1949,
4 as amended (22 U. S. C. 1571-1604) to countries eligible
5 for assistance under this paragraph; and in addition unex-
6 pended balances of any appropriations heretofore made pur-
7 suant to this paragraph are authorized to be continued
8 available for their original purposes through June 30, 1953,
9 and to be consolidated with the appropriation hereby
10 authorized."

11 (b) At the end of section 101 (a) (2), which relates
12 to defense support and economic assistance for Europe, add
13 the following new sentence: "There is hereby authorized to
14 be appropriated to the President for the fiscal year 1953 not
15 to exceed \$1,588,922,000, to carry out the purposes and
16 provisions of this paragraph; and in addition unexpended
17 balances of appropriations heretofore made pursuant to this
18 paragraph are authorized to be continued available for their
19 original purposes through June 30, 1953, and to be con-
20 solidated with the appropriation hereby authorized."

21 (c) At the end of section 101, add the following new
22 subsection:

23 "(c) Unexpended balances of appropriations made
24 available for assistance to Spain pursuant to this section by

1 the Act of October 31, 1951 (Public Law 249, Eighty-
2 second Congress), are authorized to be continued available
3 until June 30, 1953.”

4 SEC. 4. Title II (relating to the Near East and Africa)
5 of the Mutual Security Act of 1951 is amended as follows:

6 (a) At the end of section 201, which relates to military
7 assistance for the Near East area, add the following new
8 sentence: “There is hereby authorized to be appropriated to
9 the President for the fiscal year 1953 not to exceed \$529,-
10 614,000, to carry out the purposes and provisions of this
11 section; and in addition unexpended balances of any appro-
12 priations heretofore made pursuant to this section are author-
13 ized to be continued available for their original purposes
14 through June 30, 1953, and to be consolidated with the
15 appropriation hereby authorized.”

16 (b) At the end of section 203, which relates to economic
17 and technical assistance for the Near East and Africa, add
18 the following new sentence: “There is hereby authorized to
19 be appropriated to the President for the fiscal year 1953 not
20 to exceed \$48,038,000, to carry out the purposes and provi-
21 sions of this section; and in addition unexpended balances
22 of any appropriations heretofore made pursuant to this sec-
23 tion are authorized to be continued available for their orig-
24 inal purposes through June 30, 1953, and to be consoli-
25 dated with the appropriation hereby authorized.”

1 (c) After section 205 add the following new section:

2 "SEC. 206. In addition to the amounts authorized by
3 section 203, there is hereby authorized to be appropriated not
4 to exceed \$56,772,000 for carrying out the purposes and
5 provisions of section 204 of this Act, relating to Palestine
6 refugees, during the fiscal year 1953; and not to exceed
7 \$66,380,000 for carrying out the purposes and provisions
8 of section 205 of this Act, relating to refugees in Israel, dur-
9 ing the fiscal year 1953: *Provided*, That amounts appro-
10 priated pursuant to this section which the President finds can-
11 not be effectively expended to carry out the purposes and pro-
12 visions of sections 204 and 205 may be transferred to and
13 merged with the appropriations authorized by section 203."

14 SEC. 5. Title III (relating to Asia and the Pacific) of
15 the Mutual Security Act of 1951 is amended as follows:

16 (a) At the end of section 301, which relates to military
17 assistance for Asia and the Pacific, add the following new
18 sentence: "There is hereby authorized to be appropriated
19 to the President for the fiscal year 1953 not to exceed
20 \$533,859,000, to carry out the purposes and provisions
21 of this section; and in addition unexpended balances of any
22 appropriations heretofore made pursuant to this section are
23 hereby authorized to be continued available for their original
24 purposes through June 30, 1953, and to be consolidated
25 with the appropriation hereby authorized."

1 (b) At the end of section 302 (a), which relates to
2 economic and technical assistance for Asia and the Pacific,
3 add the following new sentence: "There is hereby author-
4 ized to be appropriated to the President for the fiscal year
5 1953 not to exceed \$356,354,000, to carry out the purposes
6 and provisions of this subsection; and in addition unexpended
7 balances of any appropriations heretofore made pursuant to
8 this subsection are hereby authorized to be continued avail-
9 able for their original purposes through June 30, 1953, and
10 to be consolidated with the appropriation hereby authorized.
11 Appropriations made pursuant to this subsection may be used
12 without being limited by section 503 of this Act, the section
13 which limits economic assistance to that necessary to carry
14 out mutual defense programs."

15 (c) At the end of section 302 (b), concerning Chinese
16 and Korean students in the United States, add the following
17 new sentence: "Unexpended balances of allocations hereto-
18 fore made to the Secretary of State pursuant to that provisio
19 shall be continued available until expended."

20 (d) In the first sentence of section 303 (a), authorizing
21 the appropriation of \$45,000,000 for Korean relief, after the
22 words "to be appropriated to the President" insert the words
23 "for the fiscal year 1953".

24 (e) In the second sentence of section 303 (a) strike out
25 "1952" and insert "1953".

(f) Immediately before the last sentence of section 303

(a) insert the following: "In addition, the United States

Department of the Army is hereby authorized to make avail-

able to the United Nations Korean Reconstruction Agency,

at the time when that agency assumes full responsibility for

relief and rehabilitation in Korea, goods and services of a

value not to exceed \$67,500,000 which the Department of

the Army then has on hand or on order for civilian relief

in Korea and which the President determines should be

contributed by the United States to the United Nations

Korean Reconstruction Agency for use in its relief and

rehabilitation operations in Korea. The value of goods and

services made available pursuant to the preceding sentence

shall be credited toward the contribution to be made by the

United States to the United Nations Korean Reconstruction

Agency."

(g) The last sentence of section 303 (b), which pro-

vides for reduction in United States contributions to Korean

relief by the amounts made available by United States

agencies, is hereby repealed.

SEC. 6. Title IV (relating to Latin America) of the

Mutual Security Act of 1951 is amended by adding the

following new section:

"SEC. 403. In addition to the amounts heretofore author-

ized and appropriated, there are hereby authorized to be

1 appropriated to the President for the fiscal year 1953 not.
2 to exceed \$54,501,000 to carry out the purposes and pro-
3 visions of section 401, which relates to military assistance
4 for Latin America, and not to exceed \$19,215,000 to carry
5 out the purposes and provisions of section 402, which relates
6 to technical assistance for Latin America. In addition, unex-
7 pended balances of the appropriation heretofore made pur-
8 suant to each such section are authorized to be continued
9 available for their original purposes through June 30, 1953,
10 and to be consolidated with the applicable appropriation
11 authorized by this section.”

12 SEC. 7. Title V (relating to organization) of the Mutual
13 Security Act of 1951 is amended as follows:

14 (a) Section 514, which authorizes the use of \$55,000,-
15 000 for strategic materials, and section 522, which requires
16 that at least 10 per centum of the funds for aid pursuant to
17 the Economic Cooperation Act of 1948, as amended, be in
18 the form of loans, are hereby repealed.

19 (b) In section 519 (a), which permits the limited use
20 of economic and technical assistance funds for the Near East,
21 Africa, Asia, and the Pacific to acquire local currency, im-
22 mediately after the words “may be advanced”, insert the
23 words “out of funds made available for assistance under the
24 Economic Cooperation Act”.

25 (c) After section 531 add the following new sections:

1 “SEC. 532. The provisions of section 119 of the Eco-
2 nomic Cooperation Act of 1948, as amended (22 U. S. C.
3 1517), which concern exemption from contract and account-
4 ing laws, shall apply to the performance of functions
5 authorized by this Act.

6 “SEC. 533. (a) Notwithstanding section 2 of the Act of
7 July 31, 1894 (5 U. S. C. 62), which prohibits certain
8 retired officers from holding certain office, any retired officer
9 of any of the services mentioned in title 37 of the United
10 States Code may hold any office or appointment under this
11 Act or the Mutual Defense Assistance Control Act of 1951,
12 but the compensation of any such retired officer shall be
13 subject to the provisions of the Act of June 30, 1932 (5
14 U. S. C. 59a), which does not permit retired pay to be
15 added to the compensation received as a civilian officer.

16 “(b) Officers of the United States Public Health Service
17 and officers of the Coast and Geodetic Survey, who are
18 assigned for duty under this Act outside the continental
19 limits of the United States, may receive the allowances and
20 benefits provided for officers in the Foreign Service Reserve
21 or Staff by the Foreign Service Act of 1946, as amended
22 (22 U. S. C. 801-1204), and may also receive salary
23 differentials as provided in that Act computed on their basic
24 pay under the Career Compensation Act of 1949, as amended
25 (37 U. S. C. 231-320); and, in addition to any quarters

1 furnished them by the Government, such officers may receive,
2 during the period of their assignment for duty outside the
3 continental limits of the United States, the allowance payable
4 under section 302 (f) of the Career Compensation Act of
5 1949, as amended (37 U. S. C. 252 (f)).

6 "SEC. 534. In order to encourage further the move-
7 ment of migrants from European countries having surplus
8 population, there is hereby authorized to be appropriated to
9 the President \$8,734,000 for use in making contributions
10 for the calendar year 1953 to the Provisional Intergovern-
11 mental Committee for the Movement of Migrants from
12 Europe established at Brussels, Belgium, on December 5,
13 1951, or to any successor organization.

14 "SEC. 535. The authority to pay ocean freight charges
15 on shipments of relief supplies and packages under sec-
16 tion 117 (c) of the Economic Cooperation Act of 1948, as
17 amended (22 U. S. C. 1515 (c)), shall be continued and
18 may be exercised after June 30, 1952, by any department or
19 agency of the Government that the President may desig-
20 nate: *Provided*, That this authority shall hereafter also be
21 applicable to relief shipments by voluntary nonprofit relief
22 agencies registered with and approved by the Advisory Com-
23 mittee on Voluntary Foreign Aid to any country eligible for
24 economic or technical assistance under this Act: *And pro-*
25 *vided further*, That not to exceed \$2,446,000 are authorized

1 to be appropriated to the President for the fiscal year 1953
2 for use in paying ocean freight charges under section 117
3 (c) of the Economic Cooperation Act of 1948, as amended.

4 "SEC. 536. The authority to make informational media
5 guaranties under section 111 (b) (3) of the Economic
6 Cooperation Act of 1948, as amended, shall be continued
7 and may be exercised after June 30, 1952, by any de-
8 partment or agency of the Government that the President
9 may designate."

10 SEC. 8. The Mutual Defense Assistance Act of 1949, as
11 amended (22 U. S. C. 1571-1604), is further amended as
12 follows:

13 (a) Before the period at the end of the proviso in the
14 first sentence of section 403 (d), which authorizes the fur-
15 nishing of \$1,000,000,000 worth of excess equipment to for-
16 eign nations, insert a comma and the words "and after
17 June 30, 1952, by an additional \$200,000,000".

18 (b) Change section 408 (e), concerning reimbursable
19 aid, to read as follows:

20 "(e) (1) The President may, from time to time, in the
21 interest of achieving standardization of military equipment
22 and in order to provide procurement assistance without cost
23 to the United States, transfer, or enter into contracts for
24 the procurement for transfer of, equipment, materials or serv-
25 ices to: (A) nations eligible for assistance under title I, II,

1 III, or IV of the Mutual Security Act of 1951; (B) a na-
2 tion which has joined with the United States in a collective
3 defense and regional arrangement; (C) any international
4 military organization or headquarters if, in the opinion
5 of the President, such assistance will further the purposes of
6 this Act; or (D) any other nation not eligible to join a col-
7 lective defense and regional arrangement referred to in clause
8 (B) above, but whose ability to defend itself or to partici-
9 pate in the defense of the area of which it is a part, is
10 important to the security of the United States: *Provided*,
11 That, prior to the transfer of any equipment, materials, or
12 services to a nation under this clause (D), it shall provide
13 the United States with assurance that such equipment, ma-
14 terials, or services are required for and will be used solely
15 to maintain its internal security, its legitimate self-defense,
16 or to permit it to participate in the defense of the area of
17 which it is a part, or in United Nations collective security
18 arrangements and measures, and that it will not undertake
19 any act of aggression against any other state: *Provided*
20 *further*, That, in the case of any such transfer, the Presi-
21 dent shall forthwith notify the Committee on Foreign Rela-
22 tions of the Senate, the Committees on Armed Services of
23 the Senate and of the House of Representatives, and the
24 Committee on Foreign Affairs of the House of Repre-
25 sentatives.

1 “(2) Whenever equipment or material is transferred
2 from the stocks of, or services are rendered by any agency,
3 to any nation or international organization as provided in
4 paragraph (1) above, such nation or international organi-
5 zation shall first make available the fair value, as deter-
6 mined by the President, of such equipment, materials, or
7 services before delivery or, when the President determines
8 it to be in the best interests of the United States, within
9 sixty days thereafter. The fair value for the purpose of this
10 paragraph shall not be less for the various categories of
11 equipment or materials than the value as defined in subsec-
12 tion (c) of section 403: *Provided*, That with respect to
13 excess equipment or materials the fair value may not be
14 determined to be less than the value specified in paragraph
15 1 of that subsection plus (a) 10 per centum of the original
16 gross cost of such equipment or materials; (b) the scrap
17 value; or (c) the market value, if ascertainable, whichever
18 is the greater. Before a contract is entered into, or rehabili-
19 tation work is undertaken, such nation shall (A) provide
20 the United States with a dependable undertaking to pay
21 the full amount of such contract or the cost of such re-
22 habilitation which will assure the United States against
23 any loss on the contract, or rehabilitation work, and (B)
24 shall make funds available in such amounts and at such
25 times as may be necessary to meet the payments required

1 by the contract or the rehabilitation work in advance of the
2 time such payments are due, in addition to the estimated
3 amount of any damages and costs that may accrue from the
4 cancellation of such contract or rehabilitation work: *Pro-*
5 *vided*, That the total amount of outstanding contracts under
6 this subsection, less the amounts which have been paid the
7 United States by such nations, shall at no time exceed
8 \$700,000,000.

9 “(3) The provisions of section 409 of this Act shall
10 not apply to equipment, materials, and commodities made
11 available under this subsection.”

12 SEC. 9. The Act for International Development is
13 amended as follows:

14 (a) At the end of section 404 (b), as amended, which
15 relates to contributions of not to exceed \$13,000,000 for
16 1952 to international organizations for technical cooperation
17 programs, add the following proviso: “*Provided further*,
18 That for the fiscal year 1953 not to exceed \$14,848,000 is
19 authorized to be appropriated to the President for use in
20 making contributions under this subsection.”

21 (b) Change section 413 (a) thereof, which concerns
22 the appointment of the Administrator of the Technical Co-
23 operation Administration at a salary of \$15,000, to read
24 as follows:

25 “(a) The President shall appoint, by and with the advice

1 and consent of the Senate, an Administrator for Technical
2 Cooperation, who, under the direction of the President or
3 such other officer as he may designate pursuant to section
4 412 hereof to exercise the powers conferred upon him by
5 this title, shall be responsible for planning, implementing,
6 and managing the programs authorized in this title. He shall
7 be compensated at a rate fixed by the President without re-
8 gard to the Classification Act of 1949 but not in excess of
9 \$16,000 per annum. The President may also appoint, by
10 and with the advice and consent of the Senate, a Deputy
11 Administrator for Technical Cooperation who shall perform
12 such functions as the Administrator shall designate, and shall
13 be Acting Administrator for Technical Cooperation during
14 the absence or disability of the Administrator or in the event
15 of a vacancy in the office of the Administrator. The Deputy
16 Administrator shall receive compensation at a rate fixed by
17 the President without regard to the Classification Act of
18 1949 but not in excess of \$15,000 per annum."

19 SEC. 10. Section 32 (b) (2) of the Surplus Property
20 Act of 1944, as amended (50 App. U. S. C. 1641), is
21 amended by striking out in the first sentence thereof
22 "acquired as a result of such surplus property disposals,"
23 and inserting in lieu thereof "held or available for expenditure
24 by the United States or any agency thereof (or deposited
25 pursuant to agreements entered into pursuant to section 115

1 (b) (6) and 115 (h) of the Economic Cooperation Act
2 of 1948, as amended), and not required by law or agree-
3 ment with such government to be expended or used for
4 any other purpose,".

5 SEC. 11. There is hereby authorized to be appropriated
6 to the President not to exceed \$20,962,000 to enable him to
7 make contributions to the United Nations International
8 Children's Emergency Fund until June 30, 1953, in such
9 manner and on such terms and conditions as he may deem to
10 be in the interests of the United States to support inter-
11 national children's welfare work.

[Report No. 1490]

A BILL

To amend the Mutual Security Act of 1951,
and for other purposes.

By Mr. CONNALLY

APRIL 30, 1952

Read twice and ordered to be placed on the calendar

MAY 5 (legislative day, May 1), 1952

Referred to the Committee on Armed Services with
instructions to report to the Senate on or before
May 15, 1952

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued May 6, 1952

For actions of May 5, 1952

82nd-2nd, No. 75

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Both houses received President's message recommending flood-insurance program. House passed additional extension-work authorization bill. House passed bill increasing GSA authority over vehicles and furniture. House received supplemental estimate for water conservation project and SCS flood rehabilitation. House received GAO report on 1949 CCC grain transactions. Senate referred foreign-aid bill to Armed Services Committee for further study. USDA appropriation bill referred to Senate committee.

HOUSE

- 1. FLOOD INSURANCE.** Both Houses received the President's message recommending a flood-insurance program and transmitting a proposed bill to carry out his recommendation; to Banking and Currency Committees (H. Doc. 458). The proposed bill is printed in the Record. It authorizes REC to provide either insurance or re-insurance against losses resulting from floods, with a maximum of \$250,000 or 90%, whichever is lower; authorizes Federal agencies that make or guarantee loans to require borrowers to purchase flood insurance where it is available; and provides that the flood-insurance program be on an experimental basis for the first few years. (pp. 4870-2, 4831.)
- 2. EXTENSION WORK.** Passed without amendment H. R. 6773, authorizing appropriation of \$516,000 annually additional for agricultural extension work, in order to keep certain States from losing money because of new population figures in the 1950 census (pp. 4884-5).
- 3. VEHICLES; FURNITURE.** Passed as reported H. R. 4924, to amend the Federal Property and Administrative Services Act so as to authorize GSA to establish and operate motor vehicle pools and systems and to provide office furniture and furnishing when agencies are moved to new locations, to direct the Administrator to report the unauthorized use of Government vehicles, etc. (pp. 4875-6).
- 4. SOIL-CONSERVATION APPROPRIATIONS.** Received from the President a supplemental appropriation estimate of \$190,000 for the Angostura water conservation and utilization project and a proposed provision continuing the availability of SCS

- flood-rehabilitation funds through December 1952; to Appropriations Committee (H. Doc. 454)(p. 4906).
5. GRAIN INVESTIGATION. Received from the Comptroller General a report of an investigation of a series of questionable grain transactions in 1949 between CCC and Cargill, Inc.; to Expenditures in the Executive Departments Committee (p. 4906).
 6. FOREST LANDS. Concurred in the Senate amendment of the title of H. R. 4199, to authorize transfer of certain lands of the Blue Ridge Parkway from the Interior Department to the Agriculture Department for administration by the Forest Service (pp. 4872-3). This bill will now be sent to the President.
 7. EDUCATION; ALASKA. Passed without amendment H. R. 6922, to amend Sec. 22 (relating to the endowment and support of colleges of agriculture and the mechanic arts) of the act of June 29, 1935, so as to extend its benefits to certain colleges in Alaska (p. 4883).
 8. RECLAMATION; ELECTRIFICATION. Passed without amendment H. R. 2643, to consolidate the Parker Dam power project and the Davis Dam project (p. 4883).
 9. WATER COMPACT. Passed without amendment S. 1798, to authorize Okla., Tex., and N. Mex. to enter a compact relating to Canadian River waters (pp. 4878-9). This bill will now be sent to the President.
 10. ALASKA LANDS. Passed as reported H. R. 3382, to authorize the Interior Department to lease withdrawn or reserved public lands in Alaska for dock, wharf, and landing-site purposes (pp. 4883-4).
 11. PURCHASING. Began debate on H. R. 7405, to provide for a single supply cataloging system in the Defense Department (pp. 4885-96).
 12. INDIANS. The Interior and Insular Affairs Committee reported with amendment H. J. Res. 8, to direct the Interior Department to study the qualifications of Indians to manage their own affairs without Government supervision and control (H. Rept. 1841)(p. 4907).
 13. BUILDINGS. H. R. 4323, to authorize GSA to enter long-term lease-purchase agreements, was stricken from the consent calendar at the request of Rep. Trimble (p. 4873). (This does not mean that the bill is defeated but merely that it will not be passed by unanimous consent on the calendar call.)
 14. PURCHASING; BUILDINGS; PROPERTY MANAGEMENT. H. R. 5350, to make various amendments to the Federal Property and Administrative Services Act (including provisions regarding the General Supply Fund, sales of surplus property, a Buildings Management Fund, etc.), was passed over, on request of Rep. Cunningham, because "there are no departmental reports accompanying this bill" and "the Department of Defense is opposed to it" (p. 4876).
- SENATE
15. AGRICULTURAL APPROPRIATION BILL. Referred this bill, H. R. 7314, to the Appropriations Committee (p. 4829).
 16. FOREIGN AID. Adopted a motion to refer for further study S. 3086, to extend the Mutual Security Act for the fiscal year 1953, to the Armed Services Committee, with instructions to report the bill back by May 15. A motion to reconsider this vote was tabled. (pp. 4831-47.)

President, and others, it was my privilege to witness a private showing of a great motion picture which has just been released by Paramount Pictures Corp. The title of the picture is "My Son, John." Among other things, it marks the return to the screen, after 17 years of absence, of America's outstanding actress, Helen Hayes. This unusually important and impressive motion picture opens in Washington on May 7.

"My Son, John" was directed and produced by Leo McCarey, who ranks as one of our country's outstanding directors. In addition to Helen Hayes, it features such outstanding personalities of the American screen as Robert Walker, Van Heflin, Dean Jagger, and a number of other stars. I ask unanimous consent that the names of those associated with the production of the picture be printed in the RECORD at this point as a part of my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

MY SON, JOHN

Producer and director. Leo McCarey.
Adaptation by----- John Lee Mahin.
Screen play by----- Myles Conolly and
Leo McCarey.
Story by----- Leo McCarey.
Director of photog- Harry Stradling,
raphy. A. S. C.
Art direction----- Hal Pereira and Wil-
liam Flannery.
Edited by----- Marvin Coll, A. C. E.
Orchestrations by---- Robert Russell Ben-
nett.
Costumes----- Edith Head.
Special photographic Gordon Jennings, A.
effects. S. C.
Process photography-- Parciot Edouart,
A. S. C.
Set decoration----- Sam Comer and
Emile Kuri.
Make-up supervision-- Wally Westmore.
Sound recording by-- Gene Merritt and
Gene Garvin.
Music score by----- Robert Emmett Dolan.

CAST

Lucille Jefferson----- Helen Hayes.
John Jefferson----- Robert Walker.
Mr. Stedman----- Van Heflin.
Dan Jefferson----- Dean Jagger.
Dr. Carver----- Minor Watson.
Father O'Dowd----- Frank McHugh.
Ruth Carlin----- Irene Winston.
Ben Jefferson----- James Young.
Chuck Jefferson----- Richard Jaeckel.
Bedford----- Tod Karns.

Mr. MUNDT. Mr. President, I should like to add that this is a picture which I believe should be seen by the people of every American home. Not since the great screen picture *Birth of a Nation*, which was filmed during World War I, has there been a picture which has so stirred America patriotically as this production by Leo McCarey entitled "My Son, John." It has as its locale a typical American community, which happens to be Manassas, Va., but which could be any American city. It deals with the great global conflict between communism and godlessness on the one hand and the patriotic purposes and principles of our cherished American concepts on the other. We find woven into the plot of this exciting picture the background of the Alger Hiss espionage case, the back- ground of the Judith Coplon spy case,

and the background of the W. K. Remington disloyalty case.

Americans who have read about Hiss, Coplon, Remington, and others will recognize their prototype in *My Son, John*. The evil poisons of godless communism and the tragedies they cause are faithfully and feelingly depicted in this picture, which is undoubtedly the greatest, most stirring pro-American motion picture of the past decade.

It appeals to me that this is a picture which patriotic organizations throughout the country, parent-teachers' associations, churches, fraternal groups, and educational groups should join in bringing to the attention of their communities. It is magnificent entertainment, and a dramatic production of high patriotic motive. It should be seen by every American who has eagerly been waiting for Hollywood to produce a stirring and memorable drama portraying with patriotic overtones and motives the ideological clash which has become the major problem of our times.

May I also state, Mr. President, that Columbia's magnificent new picture, *Walk East on Beacon*, is another gripping and compelling picture on the same theme and demonstrating dramatically how America's great FBI is operating to penetrate and punish the conspiratorial Communist-spy apparatus in America. Hollywood is to be congratulated on these two new and intensely patriotic pictures. It is devoutly to be desired that they will be followed by many more of similar nature.

Mr. CONNALLY. Mr. President—
The VICE PRESIDENT. The Chair reminds Senators that the Senate is now engaged in the transaction of routine business. The Chair will not recognize any Senator for a speech at this time, and will not do so until he has laid before the Senate a message from the President of the United States, to be read.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KNOWLAND. Does the Chair also include a motion to re-refer?

The VICE PRESIDENT. Such a motion is in order under the rules at any time when a bill is before the Senate, but it is not now in order, while the Senate is engaged in the transaction of routine business.

NATIONAL FLOOD INSURANCE— MESSAGE FROM THE PRESIDENT (H. DOC. NO. 458)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, transmitting a draft of proposed legislation to provide for national flood insurance, and for other purposes, which was read, and, with the accompanying paper, referred to the Committee on Banking and Currency.

(For President's message, see House proceedings for today.)

MUTUAL SECURITY ACT OF 1952

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business, which is S. 3086.

The Senate resumed the consideration of the bill (S. 3086) to amend the Mutual Security Act of 1951, and for other purposes.

The VICE PRESIDENT. This bill was made the unfinished business on Thursday, but the bill itself was not reported to the Senate until Wednesday of last week, during the recess of the Senate, under a unanimous-consent agreement entered into on Monday, April 28. Therefore the Chair, without objection, will regard the first and the second readings of the bill, which are required under the rules of the Senate, as having been held.

Mr. SALTONSTALL. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. SALTONSTALL. Mr. President, if the first two readings are considered as having been held, will a motion to refer the bill be in order?

The VICE PRESIDENT. A motion to refer is in order at any time while the bill is before the Senate.

Mr. KNOWLAND obtained the floor.

Mr. SALTONSTALL. Mr. President, will the Senator from California yield so that I may suggest the absence of a quorum?

Mr. KNOWLAND. I shall be glad to do so, provided I do not lose the floor.

The VICE PRESIDENT. By unanimous consent, the Senator from California may yield for that purpose.

Mr. KNOWLAND. I yield for that purpose.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	Millikin
Bennett	Hendrickson	Monroney
Benton	Hennings	Moody
Butler, Md.	Hickenlooper	Morse
Butler, Nebr.	Hoey	Mundt
Byrd	Humphrey	Murray
Cain	Hunt	Neely
Carlson	Ives	Nixon
Case	Jenner	O'Connor
Clements	Johnson, Colo.	O'Mahoney
Connally	Johnson, Tex.	Robertson
Cordon	Johnston, S. C.	Saltonstall
Dirksen	Kem	Schoeppel
Douglas	Knowland	Seaton
Duff	Langer	Smith, Maine
Dworshak	Lehman	Smith, N. J.
Eastland	Long	Smith, N. C.
Eaton	Magnuson	Stennis
Ellender	Malone	Taft
Ferguson	Maybank	Thye
Flanders	McCarran	Tobey
Frear	McCarthy	Watkins
Fulbright	McClellan	Welker
George	McFarland	Wiley
Gillette	McKellar	Williams
Green	McMahon	Young

Mr. JOHNSON of Texas. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Florida [Mr. HOLLAND], and the Senator from Georgia [Mr. RUSSELL] are absent by leave of the Senate.

The Senators from Alabama [Mr. HILL and Mr. SPARKMAN], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from West Virginia [Mr. KILGORE], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS], and the Senator from Ken-

tucky [Mr. UNDERWOOD] are absent on official business.

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Indiana [Mr. CAPEHART], the Senator from Massachusetts [Mr. LODGE], and the Senator from Pennsylvania [Mr. MARTIN] are necessarily absent.

The VICE PRESIDENT. A quorum is present.

Mr. HENDRICKSON. Mr. President, will the Senator from California yield for an insertion in the RECORD?

Mr. KNOWLAND. I ask unanimous consent that I may yield for that purpose, without losing the floor.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. HENDRICKSON. Mr. President, in the light of the fact that we are now about to consider Senate bill 3086, which is a bill to amend the Mutual Security Act of 1951, and for other purposes, it would be well for every Member of the Senate to ponder the thought-provoking article, entitled "United States Tries Too Hard To Teach Needy Countries Its Ways," which appeared in yesterday's issue of the New York Times. Mr. President, I now send this article to the desk and ask that it be printed in the body of the RECORD at this point in my remarks.

The VICE PRESIDENT. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

UNITED STATES TRIES TOO HARD TO TEACH NEEDY COUNTRIES ITS WAYS—AMERICAN TECHNIQUES ARE NOT ALWAYS BEST UNDER OTHER CONDITIONS, U. N. EXPERTS FIND

GENEVA, May 3.—Experience gained over a period of several years in the field of technical assistance to underdeveloped Communist-threatened countries has convinced many western officials that the United States is getting too little done by trying to do too much.

These officials do not mean too much money is being put into the programs. There is no visible limit to the amount of help the underdeveloped areas of the world could use. What is meant is that the United States is trying to do too much of the helping by itself.

The United Nations Technical Assistance Board concluded one of its frequent meetings here today. It is the top body that guides and tries to coordinate the United Nations agencies in various kinds of technical-aid programs. Most of the problems of this kind of operation are reflected in reports to this group and discussions that arise within it.

UNITED STATES SPENDS FAR THE MOST

The United States is the largest financial contributor to the United Nations programs of technical assistance. It also has programs of its own administered by United States Government departments under the State Department's general supervision. At present more than 10 times as much is being spent by the United States on its unilateral programs as on those conducted through United Nations agencies.

Both United States and European officials in close touch with this work have been convinced for a long time that a United Nations agency can get more results for a dollar's

expenditure in most underdeveloped areas than the United States can get operating alone. This is because a very large part of the problem is always to get the local governments to accept conditions that will make assistance effective. The United Nations body can afford to be much tougher about insisting on the right conditions than can the United States, which to an increasing extent is finding local governments unwilling to face the criticism that they are taking American dictation.

But the fundamental weakness of the present American approach as these officials see it is the result of a much more subtle factor than the choice of the machinery whereby technical assistance is proffered to undeveloped countries.

The American tendency is to regard American techniques as the best for all parts of the world without much reflection or inquiry into what other countries with advanced industrial and scientific knowledge have to offer. When people are taken out of their countries and trained as agricultural economists, public administration officers or engineers the American tendency is to bring them to the United States for training. Similarly American technicians are automatically sent abroad under United States programs and the United States Government usually puts forward American experts to work under the United Nations as well.

SUPREMACY ISN'T ENOUGH

No European or Asian officials would deny that United States industrial supremacy has many features that can be exported or that the United States is the best place for a technician to go for study in many lines of activity. But not in all.

If Korea ceases to be a battlefield and becomes a reconstruction area this problem will become very acute, technical-assistance officials believe. Will it be the wisest to try to teach Koreans American administrative methods, American farming methods, and American health-service procedures?

Trained Korean central bank officials who can understand and carry out monetary controls to stem inflation are desperately needed. Several are being trained now. But they are being trained in the Federal Reserve Bank of New York, whose size, complexity, and policies give it hardly any resemblance to the kind of central banking operation the Koreans will need to know how to conduct.

Would it not be wiser, officials are asking, to train Korean central bankers in India or Siam, both of which have excellent central-bank staffs and where they would see how to deal with matters that resemble their own Korean problems?

Many western officials are convinced that the United States would be politically and financially stronger if it deliberately adopted a policy of giving American aid through the medium of other democratic countries, technicians and institutions. The United Nations machinery is the most obvious but not the only way this policy could be applied.

Mr. HENDRICKSON. I thank the Senator from California.

Mr. KNOWLAND. Mr. President, it is my intention to move to re-refer Senate bill 3086 to the Committee on Armed Services with instructions to report to the Senate on or before May 15. I make this motion as one who has supported the North Atlantic Pact and the prior arms implementation bills. I expect to support an authorization bill this year, but I strongly believe there are valid and compelling reasons for the pending legislation to be reviewed by the Senate Committee on Armed Services.

Of the \$6,900,000,000 involved in this bill, as reported by the Foreign Relations Committee, approximately \$4,700,000,000 deal with military phases in a direct sense. In other words, 70 percent of the funds authorized relate to a field in which the Armed Services Committee has a direct and vital interest. I might also say, Mr. President, that when the arms implementation bill was before the Senate a year ago, it was considered by both the Foreign Relations Committee and the Armed Services Committee, sitting jointly. There was resistance to doing that this year by the chairman of the Foreign Relations Committee.

Until Saturday, May 3, neither the committee report nor the hearings were available to the Members of the Senate or to the public. To claim that a part of a week end is sufficient to give study to this complex legislation is absurd.

A week or 10 days of hearings before the Armed Services Committee will permit Members of the Senate to study the report of the Foreign Relations Committee and the hearings that are now available. The Armed Services Committee would undoubtedly concentrate on the military, rather than the economic phase of the bill.

Even with the \$1,000,000,000 reduction recommended by the Foreign Relations Committee, this bill still provides for \$6,900,000,000. This amount, while it may seem small to some who are used to dealing with astronomical figures, is nevertheless equivalent to the total Federal budget for the fiscal year 1938. It is larger by a billion seven hundred million dollars than our total budget receipts for the fiscal year 1940.

It is my judgment that if this bill passes in its present form any hope for a balanced budget for the coming fiscal year is impossible of realization. I call attention to page 79 of the hearings. On that page there appear some figures relative to the public debt of Belgium-Luxemburg, France, Italy, the Netherlands, and the United Kingdom, in contrast to our own debt now amounting to \$260,000,000,000.

Several of these nations are operating on balanced budgets and are to be commended for so doing. Based on the figures presented to us by the President of the United States, we will be operating with a \$14,000,000,000 deficiency. All of the \$6,900,000,000 authorized by this bill, if subsequently appropriated for by the Congress, will be from borrowed money and the result of deficit financing. I do not underestimate the serious financial problem facing our Nation, but that is not the only reason for my motion.

On my responsibility as a Senator and as a member of the Armed Services Committee, of the Appropriations Subcommittee on Armed Services, and of the Joint Congressional Committee on Atomic Energy I believe that we are taking a calculated risk with our national defenses, air, sea, and land, which, as the elected representatives of the American people, we should not take without further examination by the committee which is primarily responsible for our armed services.

The Constitution of the United States provides, in article I, section 8, that—

The Congress shall have power to . . .
provide for the common defense . . .
to raise and support armies . . . to
provide and maintain a Navy—

And while, of course, the Constitution did not mention the Air Force the same responsibility rests with the Congress with respect to that branch of the Armed Forces. Partly because the President of the United States froze the funds provided by Congress in 1949 we have lost invaluable and never to be recaptured time in having an adequate Air Force in being.

Since June of 1950, we have been engaged in an undeclared war in Korea. Our ground forces there today are outnumbered more than 2 to 1. Our fighting planes are often outnumbered from 2 to 4 to 1.

Approximately one-half of our planes are obsolete or at least obsolescent.

It is my belief that men have unnecessarily died in obsolescent planes in Korea because this great Nation of ours, pioneer in the field of aviation, has not the present capacity or available funds to give our Air Force planes which are second to none.

While our present limited aviation capacity and funds have been channeled to equip NATO countries with modern jet planes, we have, partly as a result of this concentration, temporarily lost superiority in jet commercial transportation to Great Britain as a recent flight from London to Johannesburg has indicated.

How much of the morale factor in the Air Force stems from our flyers being asked to fight the Korean war and if necessary world war III to a large extent in left-over planes from the last war? It may well be vital to the security of this Nation and to the ultimate defense of the free world to have from one to three modern carriers capable of striking and moving attacks along the periphery of the potential aggressor nations rather than to have all of our eggs in fixed bases which may or may not be available to us when the chips are down.

How much in port charges, mentioned by the able Senator from Kansas [Mr. SCHOEPP] and taxes to foreign governments are we paying out of our mutual defense funds to our allies that should be going into planes, guns and ships?

In the committee hearings, the Senator from Massachusetts [Mr. LODGE] properly raised the question as to the relative cost of equipping and maintaining a European Army compared to the cost of equipping and maintaining an American Army. The figures are most interesting. A chart is set forth on page 23 of the committee report. However, there is a significant omission. It does not show what it would cost to equip and maintain Asiatic forces who also believe in resisting communism. Such forces could be of tremendous help in holding the Pacific flank of the free world.

Mr. FERGUSON. Mr. President, is the Senator from California willing to yield at this time?

Mr. KNOWLAND. I should prefer to finish my statement, after which I shall

be glad to yield to the Senator from Michigan.

Mr. FERGUSON. There is one question I should like to ask in relation to the pending appropriation bill. I would be glad to have it placed at the end of the Senator's remarks. I may be unable to remain. I desire to remain, if possible, but the nomination of the Attorney General is to be considered by the Judiciary Committee, and that may require me to leave.

Mr. KNOWLAND. Under the circumstances, I am very glad to yield to the Senator.

Mr. FERGUSON. I wish today to call attention to the fact that the original act, namely, the National Security Act, authorizing the appropriation, was referred to the Armed Services Committee. Section 307, authorizing the appropriation, provides:

There are hereby authorized to be appropriated such sums as may be necessary and appropriate to carry out the provisions and purposes of this act—

Indicating that the Armed Services Committee has authority over appropriations for the military. As I understand, the North Atlantic Treaty Organization is a common defense instrumentality, so that it is really a part of our own Military Establishment. If that be true, should not this authorization go to the Armed Services Committee?

Mr. KNOWLAND. In my opinion, the Senator is quite correct. I think every argument I have heard made before the Subcommittee on Appropriations for the Armed Services, on which the very able Senator from Michigan serves with me, indicates that our own Joint Chiefs of Staff have supported this program because it is a part of the common defense. While I quite agree that there are certain phases of the bill dealing with the economic factors involved which might properly go to the Committee on Foreign Relations, I think the precedent which was established last year should have been followed by both committees, because under our system the responsibility, committee-wise, rests with the Committee on Armed Services.

Mr. FERGUSON. I thank the Senator from California.

Mr. KNOWLAND. Returning to the question of the relative costs of manpower mentioned in the committee report, that part of it which apparently is overlooked, some study should be made of what the cost and potentialities are of Asiatic forces from the Republic of Korea, the Republic of China, Japan, Thailand, the Philippines, and Pakistan, and any other Asiatic country that was willing to carry its fair share of the load in resisting Communist aggressions in that area of the world. Some very significant testimony was taken not long ago by the Senate Armed Services Committee relative to the progress made by the United States Military Mission on Formosa of the relative cost of equipping and maintaining the Nationalist forces there compared with other areas of the world.

Yet, on page 604 of the hearings, it is shown that when Formosa was being discussed only two members of the For-

eign Relations Committee were present.

The arms aid bill needs to be integrated with our own defense requirements. I would like to get the frank opinions of our Joint Chiefs of Staff as to how they would divide the total defense figures of some \$60,000,000,000, including our own defense as well as military aid abroad, if that total sum was to be reduced and instructions given that no further jets were to be sent to other nations until the United States Air Force was completely equipped with modern planes.

As a member of the Armed Services Committee, I do not believe I would be discharging my obligation to the Senate if these facts were not now called to the attention of the Senate.

In Korea a hot war is now going on. We are supplying 90 percent of the Armed Forces and our 107,000 casualties are 93 percent of casualties suffered by United Nations members.

How many of the nations that are getting aid under this bill have abided by the letter and the spirit of section 511, A and B, and how many of them have been spoon-fed American dollars while they fail to comply with the clear congressional intent?

We have heard the argument that we could not get better than a stalemate in Korea because we did not have the power to win the undeclared war there. A partial answer to that suggestion may be that we have in part an outnumbered and outmoded air force and we have not provided the modern planes and carriers for our naval air program. I am not in favor of Americans being asked to risk their lives in a second-best air force or with inferior land or sea equipment.

The Nation would be shocked if it knew the calculated risks we were taking with the security of this heart land of human freedom and with the lives of young men who may have to meet a Soviet air force outnumbering them materially. We are the elected representatives of this Nation. It is long past time for us to cease abdicating our responsibilities to the executive branch.

Mr. President, I move that Senate bill 3086 be rereferred to the Committee on Armed Services with instructions to report to the Senate on or before May 15.

Mr. CAIN and Mr. SALTONSTALL addressed the Chair.

The PRESIDING OFFICER (Mr. HUNT in the chair). Does the Senator from California yield, and, if so, to whom?

Mr. KNOWLAND. I yield first to the Senator from Washington.

Mr. CAIN. Because of the obvious common sense and logic in the remarks of the Senator from California I should like to express my admiration for what my friend from California has said so clearly and to state that I am anxious to vote for the motion which has just been made by him.

Mr. SALTONSTALL. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. SALTONSTALL. Mr. President, I shall vote with the Senator from California, but I should like to ask for his comments on two points I did not hear him mention in his speech.

He has referred to the mutual security bill which is the bill now before the Senate, which authorizes \$6,900,000,000. We have been hearing witnesses on the defense appropriation bill, and the issue is whether to cut down expenditures from \$52,000,000,000 to \$40,000,000,000 as was done in the House. I should like to ask the Senator from California if I am not correct in stating that last week the President sent to the Congress a message authorizing additional public works appropriations, of which \$2,600,000,000 would go to the armed services. I point out to the Senator that the House subcommittee dealing with defense appropriations cut out half of the appropriation required for public works in the fiscal year 1953. The whole question will come before the Armed Services Committee.

Another item is with reference to atomic energy. In the testimony it was stated very frankly that there would be another supplemental request for something over \$4,000,000,000 for additional atomic energy plants made necessary by the national defense.

All these items are concerned with the national defense and the building up of mutual aid abroad, together with the building up of our fighting forces in Korea.

I agree with the Senator from California that the bill should go to the Armed Services Committee for review, but am I not correct in stating that the other two items are an integral part of the whole question?

Mr. KNOWLAND. I quite agree with the Senator from Massachusetts. I believe they are closely integrated with the problem in the over-all defense picture. Under our rules, the Armed Services Committee has a very peculiar responsibility in the field of defense; and I might say, as one who serves not only on the Committee on Armed Services but on the Subcommittee on Appropriations and also on the Joint Committee on Atomic Energy, that the problems are closely interrelated, because we obviously cannot deliver atomic weapons by jeep or by horseback. We must have modernized air equipment in order to make delivery. So the suggestion of the Senator from Massachusetts fits into the whole picture. If we are to reach a condition even of a reasonable balancing of the budget it is essential to review the whole defense picture in one big package. I think no Senator will disagree with the statement that it is highly unlikely that this Congress will pass additional tax legislation. We are already levying more taxes than we did at the height of World War II. There will have to be some reductions or some redistributions among the funds left. I do not believe that can intelligently be done unless it is tied in with the whole defense picture.

Mr. SALTONSTALL. Is it not the Senator's intention, if the bill is referred, not necessarily to go into the details which the Foreign Relations Committee has covered so thoroughly in its report, but to try to get an over-all look at the entire picture?

Mr. KNOWLAND. The Senator is correct. I have supported the North Atlantic Pact because I do not believe it is in our national interest to permit communism to overrun what is left of the free world. Where I have differed with some aspects of our foreign policy is that we were closing the door to communism in Europe and leaving the door open in Asia.

I wish to say to the able Senator from Iowa so as to indicate that there will be no chance of great delay in getting the bill out of committee, that my motion itself provides that the Committee on Armed Services shall report back to the Senate on or before the 15th of May.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from New Hampshire.

Mr. TOBEY. Does the Senator from California, as he has analyzed the report, realize that the Committee on Foreign Relations, in its wisdom, has put into the report and the bill new elements of flexibility, and that the transitions made between economic and military aid are tied into the bill?

Mr. KNOWLAND. Yes; I am familiar with what the committee did.

Mr. GILLETTE. Mr. President, will the Senator yield for two questions?

Mr. KNOWLAND. I yield.

Mr. GILLETTE. My first question is, Does the Senator from California believe that the Committee on Foreign Relations was in any way lax or derelict in its duty to investigate thoroughly?

Mr. KNOWLAND. No, I will say to the able Senator from Iowa. I think he knows me well enough to understand that I have a very high regard for him and for the Committee on Foreign Relations. I think it has its field of jurisdiction, and I am not suggesting for a moment that it was not entirely proper for the Committee on Foreign Relations to give this subject a thorough hearing and to make its report to the Senate from the point of view of the Committee on Foreign Relations. But I am suggesting, most respectfully, in view of the precedent of last year, that both committees should sit jointly, and in view of the very direct responsibility the Committee on Armed Services has with the national defense, it is also just as proper and just as necessary, in my judgment, for the Committee on Armed Services to have an opportunity to consider the facts and develop some questions which perhaps the Committee on Foreign Relations did not have either the background or the knowledge to develop.

Mr. GILLETTE. I thank the Senator, and shall now propound my other question. I hope the Senator from California will not deduce from my questions any imputation of improper action, but I wish to ask him if in making the motion he has now submitted he is acting under his undoubted right and responsibility as an individual Senator, or whether he is acting by direction of the Committee on Armed Services or its chairman.

Mr. KNOWLAND. I am acting on my own responsibility as a United States Senator and as a member of the Committee on Armed Services. I am not acting under instructions of the Committee on Armed Services.

While I was recently in California, on a very brief visit, I understand some discussion of the subject took place in the Armed Services Committee. Prior to the time I had left for California, and at the time the bill was originally referred, it had been the unanimous judgment of the Armed Services Committee that they should either sit in with the Committee on Foreign Relations or have the bill re-referred to the Armed Services Committee. I understand there has been some change of mind on the part of some members of the committee since that time, but today I am acting on my own responsibility as a Senator.

Mr. GILLETTE. I thank the Senator.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. MOODY. I should like to ask the Senator from California if he could give us an estimate of the time it might require for the Committee on Armed Services to go into this matter thoroughly.

Mr. KNOWLAND. Perhaps the Senator from Michigan was not in the Chamber when I began my remarks, but my motion itself provides that the Committee on Armed Services shall report back to the Senate on or before May 15. That represents a period of 10 days. As I judge the situation, as a member of the Committee on Armed Services, it would not be our purpose to duplicate all the testimony which has been taken by the Committee on Foreign Relations, or to send for many of the same witnesses, some of whom may now be in Europe, or to deal particularly with the economic phases of the bill.

However, with the knowledge we have, I feel that there are certain aspects, tying in with our own defense and affecting American aviators who are flying obsolete and obsolescent planes in Korea, which at least need to be integrated and gone into by the Committee on Armed Services.

Of course, I fully appreciate that the Senate in its wisdom may determine that it does not desire to re-refer the bill, but, as I have pointed out in my remarks, I feel I would be derelict in my responsibility if I did not suggest some of the very real problems which exist in our national defense, and say where I believe we are taking certain calculated risks which are not in the interest of the security of our own Nation or, indeed, the security of the free world.

If the Senate, with those facts in mind, wishes to deprive the Committee on Armed Services, which has the responsibility in this field, of this opportunity, then the responsibility rests upon the Senate.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Vermont.

Mr. FLANDERS. I should like to ask the Senator from California whether he

remembers that at the time the mutual security bill was before the Senate, many of us, including possibly the Senator from California—though my memory is not clear about that—felt that military features should be referred to the Army, and that point 4 features should go to the State Department. Without asking the Senator from California how he felt about it, I will say that I felt very strongly that way.

I feel that the time has arrived when our unwisdom in putting these two disparate projects under one heading is beginning to show itself. Point 4 should have come through the State Department, or some other agency equipped to speak on that subject, to the Committee on Foreign Relations. Armament matters relating to NATO in Europe normally belong in the Committee on Armed Services. It seems to me that we are simply reaping the results of our own unwisdom. I can see no other way of handling the situation than along the lines suggested in the motion made by the Senator from California.

Mr. KNOWLAND. I thank the Senator from Vermont. I may say to him, since he raised the question, that my own feeling consistently has been that the arms and armament features which are very definitely related to our own defense should be considered by the Committee on Armed Services. As I understand the Senator from Vermont, I do not believe I can join him in suggesting that there should be two bills. However, time has shown that there may have been a good deal of wisdom in the suggestion the Senator has made, which would have avoided a situation of the kind in which we now find ourselves.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. SMITH of New Jersey. I think the Senator will recall that this year, as also last year, I was one of those who favored a joint meeting of the two committees because of the danger of the interrelation of different jurisdictions. Therefore I should like to ask the Senator if his motion contemplates that the Committee on Armed Services shall take a new look at the situation and probably suggest recommendations different from those made by the Committee on Foreign Relations, or amend the recommendations which have been made? Where are we going to be after the Committee on Armed Services acts, if it does act?

Mr. KNOWLAND. I may say to the able Senator from New Jersey that his question covers one of the very reasons why some of us suggested originally that we should follow the precedent of last year, and get the viewpoint of both committees.

As I stated earlier, it is not my intention to delay the bill unnecessarily. I am as interested in carrying out our NATO obligations as is any other Senator, but I also feel that when Americans flying in Korea are being out-numbered 3 or 4 to 1, when American aviators are flying obsolescent and obsolete planes which are being shot down in flames, we do have the responsibility of reviewing

our own actions whenever we have doubt.

I may say to the Senator that so far as the defense features are concerned, if the bill is referred to the Committee on Armed Services under the instructions I have included in my motion, that committee will have to report back to the Senate on or before the 15th of May. I would assume they could make such recommendations as to the bill as a legislative committee might properly make. However, though I have no control over what the committee may do, it would be my idea that they should not go into the economic phases of the bill, but rather that they would concentrate on the military phases, and the effects of the military phases upon our national defense.

For the further information of the Senator, I understand that today, for instance, the fly-away cost of a Saberjet plane approximately \$250,000. With all the spare parts, and so forth, the cost mounts up to perhaps \$550,000.

I believe that we must very carefully examine certain phases of this question in connection with aid to other countries which have not indicated that they are willing to stand up and be counted in this effort. I also believe that there is an obligation upon the Congress and upon the American people not to let some of those countries violate the letter and spirit of section 511 (a) and (b), wherein the Congress clearly indicated that they should stand up and be counted. In this connection I think there has been considerable winking at that legislative requirement, and an attitude of tongue-in-cheek.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. SMITH of New Jersey. The Senator is not arguing, is he, that the Armed Services Committee should take jurisdiction away from the Foreign Relations Committee?

Mr. KNOWLAND. I am not arguing that; but I am not agreeing that the Foreign Relations Committee should take jurisdiction away from the Armed Services Committee.

Mr. SMITH of New Jersey. That is the reason why the Senator from New Jersey favored joint meetings.

Mr. KNOWLAND. I think we would have avoided this difficulty if there had been joint meetings, as the able Senator so clearly indicated.

Mr. SMITH of New Jersey. I think we could have avoided the difficulty, but the situation we face now is that that decision was not made at the time. The subject was referred to the Foreign Relations Committee. The Foreign Relations Committee has held hearings and has submitted a report, and we are prepared to present the bill to the Senate.

I ask the distinguished Senator from California whether he intends to take a new look at the subject and bring in a different recommendation as to the form of the bill, the amounts, and so forth. If so, what will the parliamentary procedure be? I am seeking light.

Mr. KNOWLAND. I may say to the Senator from New Jersey in all good humor that I do not intend that this pro-

cedure shall be an empty gesture. I do not intend that the Armed Services Committee shall be required to sign a blank check for something which has already been done by the Foreign Relations Committee. If the bill is as good as the Foreign Relations Committee apparently believes it to be, and if that committee has considered all aspects of the situation, there may be very few changes to be made in the bill by the Armed Services Committee. If there are certain aspects relating to our own critical defense needs with respect to which the Foreign Relations Committee lacked the background information, and if there are certain aspects upon which the Foreign Relations Committee did not go, I should consider it incumbent upon the Armed Services Committee to make such recommendations to the Senate as it believes should be made. Then the question can be amply discussed in the Senate.

Let me add one additional word. On Friday I tried to obtain a copy of the report, as well as a copy of the hearings. At that time the hearings were in proof form and were not available to me. I was told that it was expected that they would be ready on Saturday. On Saturday my office again inquired. The report was not ready, but it was expected soon. Finally, on Saturday afternoon, I obtained a copy of the report of the Foreign Relations Committee and a copy of the thick bound volume of hearings. I worked rather diligently Saturday evening and Sunday trying to digest as much of the material as possible. It is now Monday. I believe that if the Armed Services Committee should be accorded the limited time which we are requesting to study this proposed legislation, in the meantime the Senate would have an opportunity to study the report and the bill as reported from the committee of which the able Senator from New Jersey is a member.

Mr. President, we are not dealing with peanuts. As I pointed out, even with a reduction of \$1,000,000,000 by the Committee on Foreign Relations, the bill still provides for expenditures of \$6,900,000,000. That is more money than the entire Federal Government was costing the American people as late as 1938. It is more money than all the taxes taken into the Federal Treasury as late as 1940. I think it is not unreasonable that the 96 Members of this body should have a little more time than one weekend to consider a question of this magnitude. I say again that \$6,900,000,000 is not peanuts, although there may be some who think that we are dealing with such astronomical figures that this amount can be handled in one afternoon.

Mr. SMITH of New Jersey. I appreciate the statement of the distinguished Senator from California, and I am in sympathy with much of what he has said. I myself had not seen the report until last night. That was because I had been out of the city.

I am still confused as to the parliamentary situation. If the Senator will yield for a parliamentary inquiry, I should like to ask the Chair to advise

me as to the parliamentary situation presented by the pending motion. In the event the Armed Services Committee should submit a report which differed from the report of the Foreign Relations Committee, would the Foreign Relations Committee report and recommendation which is now before the Senate be subject to amendment by the Armed Services Committee, or would there be a conflict of jurisdiction? In other words, does the motion of the Senator from California contemplate that jurisdiction would be transferred from the Foreign Relations Committee to the Armed Services Committee?

Mr. KNOWLAND. Mr. President, before the Chair rules, if I may make an observation, I will say that the Senator from California is not proposing, in effect, that the work which the Foreign Relations Committee has done be eliminated and written off the record. The Foreign Relations Committee has held hearings and has submitted a report. The report is before the Senate. The bill is before the Senate. We are now merely asking that the bill be re-referred to the Committee on Armed Services.

The PRESIDING OFFICER. The Parliamentarian advises the Chair that the bill has already been reported by the Foreign Relations Committee. However, if the Senate Armed Services Committee considers the bill, it will have authority to report it back with amendments so far as the military features are concerned.

Mr. SMITH of New Jersey. Then the original bill reported by the Foreign Relations Committee and the amendments recommended by the Armed Services Committee would both be before the Senate for debate when the time came to present the matter?

The PRESIDING OFFICER. They would then be properly before the Senate.

Mr. SMITH of New Jersey. I thank the Chair.

Mr. CONNALLY. Mr. President, I should like to say a word on the parliamentary situation. The Chair has indicated that if the bill were referred to the Armed Services Committee such reference would be only with respect to military items. If the bill is referred to the Committee on Armed Services, the whole bill will be before that committee, and everything in it will be before the committee.

The PRESIDING OFFICER. The Senator from Texas is quite correct. However, the Parliamentarian advises the Chair that by the terms of the motion of the Senator from California the Armed Services Committee would report back only on the military aspects of the bill.

Mr. GEORGE. Mr. President, the question of amending the Mutual Security Act of 1951 was referred to the Senate Foreign Relations Committee. That committee commenced hearings on March 13. The hearings continued uninterruptedly from March 13 to April 4. Thereafter the committee went into executive session, and has been considering the bill since that time.

This is only an authorization bill. It does not appropriate any money. It merely authorizes the appropriation of not to exceed a certain amount of money for the various purposes set forth in the Mutual Security Act.

The House committee has not yet acted on the bill. Therefore the entire subject is still before the House Foreign Affairs Committee. When the House acts, if there is a difference between the House and Senate versions of the bill, of course it must go to conference and the differences must be ironed out.

The Appropriations Committee will then consider the question of appropriations. The Foreign Relations Committee has carefully inserted in each item of this authorization the language "not to exceed" a certain amount of money. I know that the practice has developed for the Appropriations Committee to feel more or less bound to appropriate the sum authorized, especially in connection with matters pertaining to our foreign relations. That ought not to be the attitude adopted by the Appropriations Committee.

We have before us a motion to refer the bill to the Armed Services Committee. Perhaps such reference would be limited. At any rate, the motion is to refer it to the Armed Services Committee. Had the Armed Services Committee been authorized to sit jointly with the Foreign Relations Committee, as was done last year, much of the difficulty would have been avoided. That was not done. The subject was before the Foreign Relations Committee, and the Foreign Relations Committee proceeded to discharge its duty as best it could. The committee has reported the bill with an over-all reduction of \$1,000,000,000. Perhaps the view may be taken in this body that is should be reduced by more than a billion dollars. That is within the competency of the Senate. The bill is now before the Senate. The Senate may reduce it by another billion dollars, by \$2,000,000,000, by \$3,000,000,000; or the bill may be defeated entirely, if the Senate wishes to do so.

Mr. FERGUSON. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield.

Mr. FERGUSON. The reason I rise is that I observe that the Senator from Texas [Mr. CONNALLY] has a copy of the testimony on his desk. I do not find it on my desk. I wondered when it was made available. If there has not been sufficient time given to Senators to consider the matter—

Mr. GEORGE. Oh, Mr. President, that is an entirely different matter. If Senators have not had time properly to consider the measure, action on it should be postponed until they have had such opportunity. I thought that perhaps the measure would be before the Senate for the greater part of the week.

Mr. FERGUSON. I have just now received a copy of the testimony.

Mr. GEORGE. The point I make is that there is no occasion to refer the bill to the Committee on Armed Services at this time, because the subject has been before the Committee on For-

eign Relations, and every member of the Armed Services Committee could have attended the hearings for almost 2 months, or at least for a full month of open hearings. Any member of the Committee on Armed Services could have been heard if he had desired to be heard. Any member could have been present at the hearings.

The House committee has not yet reported an authorization bill to the House. When that committee does report it to the House, it may report an authorization bill which is a billion dollars below the Senate bill, or it may report it in the amount contained in the Senate bill. However, whatever is reported to the House, and whatever is passed by the House, the bill must go to conference, and the conference bill will then come before both Houses. It is then that the Committee on Appropriations will consider the matter.

As a member of the Committee on Appropriations, I unhesitatingly say that I believe the Committee on Appropriations should exercise its full jurisdiction. If it believes that it should not recommend an appropriation in the amount contained in this authorization bill, it should reduce the amount to the figure it feels should be appropriated.

However, the point is that if the bill is referred to the Committee on Armed Services, what will we then have? The Committee on Armed Services may come forward with a recommendation that not exceeding so many dollars be appropriated for military purposes. Nearly all the amount contained in the bill is for military purposes. The Committee on Foreign Relations, it is true, is the committee which has jurisdiction over the authorization of expenditure of money even for military purposes in this field. Nearly all of it is for military purposes. Suppose that the Committee on Armed Services should make a different recommendation. In that case the Senate would be confused. On the other hand, the Senate, if it wishes to reduce the respective amounts, or if it wishes to raise them, has full power to do so.

Mr. President, we should debate the question on the floor of the Senate until it is disposed of. It would be confusing, I may say to my distinguished friend from California, for whose judgment I have great respect, if the bill were sent to the Committee on Armed Services.

I may say further to the Senator from California that there is not any way to separate any one item in this bill or in any other authorization bill from the general subject of national defense.

Reference has been made to the financial side of it. Undoubtedly the financial side of it is important. However, the bill has not been referred to the Committee on Finance. That committee has not had an opportunity to consider it. It is true that some of the members of the Committee on Foreign Relations are also members of the Committee on Finance, just as some members of the Foreign Relations Committee are members of the Armed Services Committee, and just as many Members of the Senate are members of the Committee on Appropriations.

Certainly there cannot be any national defense for this Government or for the free world which rests upon the unstable and shakey foundation of economic chaos. Everyone knows, or should know, that that is so. The Committee on Foreign Relations has proceeded as best it could to say that the full amount should be reduced by a total of \$1,000,000,000. Then it has provided that not exceeding the amounts provided for the several items covered in the bill may be appropriated by the Committee on Appropriations.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. KNOWLAND. I wonder whether the Senator from Georgia will yield to me so that I may ask for the yeas and nays on this question. If the yeas and nays were ordered, Senators could have the assurance now that there would be a record vote on the question. Mr. President, I ask for the yeas and nays.

Mr. GEORGE. Mr. President, I shall conclude in a minute.

I see no reason why this bill should be referred to the Committee on Armed Services. My distinguished colleague from Georgia [Mr. RUSSELL] is the chairman of the Committee on Armed Services. I have great confidence in his judgment, as I have great confidence in the judgment of every other member of the Committee on Armed Services. I do not see that this bill has anything directly to do with our national defense, except that under the national defense bill, when that is before the Senate, it will be found that perhaps the branches of our armed services may transfer some of the end items to the NATO countries if an emergency should arise which would authorize such a transfer.

Mr. President, I supported the North Atlantic Treaty. I did not vote for, but voted against, the first appropriation to support this very program. Before the ink was dry upon the North Atlantic Treaty, we were faced with a request for appropriations of more than \$2,000,000,000. Most of it was for the reconditioning of so-called excess arms and munitions and for excess surplus arms and munitions. One billion dollars of it was in money or contract authorizations. I voted against it. I knew it was foolish to throw away \$500,000,000, or perhaps a billion dollars, under that bill. It was foolish. It has produced no good to the NATO countries or to ourselves. But we had to do it. It had to be done in a hurry. The administration wanted to show the world that we were going to arm the Western European nations overnight. We did it before there was even a program drawn. What was the result? There is no man living, Mr. President, who can trace any benefit from the \$500,000,000 in contract authorizations and \$500,000,000 in cash money we gave away under that first bill.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. KNOWLAND. I believe that the Senator from Georgia has as clearly indicated as it could possibly be indicated the very direct relationship between the

arms implementation program and our military security, because in the particular area to which the Senator is now referring, namely, that of so-called excess equipment, actually that excess equipment had formerly been in the war reserve of this country.

Mr. GEORGE. Yes.

Mr. KNOWLAND. It was declared by the Joint Chiefs of Staff and our military authorities that it was not needed for our war reserves and that it could become excess equipment.

Mr. GEORGE. That is correct.

Mr. KNOWLAND. Now we are being asked to purchase for our own Military Establishment certain categories of equipment which a short time ago we declared to be excess equipment.

Mr. GEORGE. Mr. President, even when the first bill was before the Senate, the Armed Services Committee sat with the Foreign Relations Committee, and the bill actually reported was the joint product of the two committees. In the consideration of the second bill, the two committees sat together.

They did not serve together in regard to the bill, which now is before the Senate. At this time, to refer the bill to the Armed Services Committee will lead to nothing but confusion, Mr. President.

I am trying to emphasize the point that the Armed Services Committee and the Foreign Relations Committee are very much bound, in respect to a measure of this sort, by the representations made to us by the spokesmen for the Government. We try to hedge against that by providing that not to exceed the amounts stated in the bill shall be authorized for appropriation, and we leave the final determination to the Appropriations Committees.

The distinguished Senator from Michigan [Mr. FERGUSON] is a member of the Appropriations Committee; the distinguished Senator from California [Mr. KNOWLAND] is also a member of the Appropriations Committee. That committee is a very large one. So it seems to me there is no occasion to refer this bill to the Armed Services Committee.

I beg the Senate to remember that this bill is only an authorization measure, and the House of Representatives has not yet acted upon it. The House may vote to reduce further the amount of the authorization provided by the bill, or the House may vote to increase the amount of the authorization. When both Houses have acted on the authorization bill, and when it is enacted into law, a corresponding appropriations bill must be referred to and considered by the Appropriations Committees.

So, Mr. President, there is no occasion for the Armed Services Committee to have the bill referred to it. My distinguished colleague, the senior Senator from Tennessee [Mr. McKELLAR] is chairman of the Appropriations Committee, and he will be there, together with the distinguished Senator from California [Mr. KNOWLAND], the distinguished Senator from Michigan [Mr. FERGUSON], and other distinguished Members of this body. Of course at that time they can pass upon this subject, in

the light of what that committee is doing for our national defense together with what we are also doing for other countries.

Mr. President, if I were sure that it would not lead to confusion, I would say that it would be all right for the Armed Services Committee to consider this bill. However, if that committee differed at all in regard to any item, a state of confusion would ensue. So, Mr. President, if I wished to have the bill killed outright, I would vote to have it referred to the Armed Services Committee; and then, thereafter, I would vote to have the bill referred to the Finance Committee.

I do not believe the distinguished Senator from California has any purpose to kill the bill; I think that, generally speaking, he has favored the enactment of legislation of this sort. However, I am saying that if the bill were referred to the Armed Services Committee, the result might be to kill the bill, because following action by the Senate, the House must act on the bill, and thereafter both Appropriations Committees must consider the corresponding appropriation bill. So, in view of its present status, I can see no reason on earth for sending the bill to the Armed Services Committee.

Therefore, Mr. President, I shall be compelled to vote against the motion of the distinguished Senator from California.

Mr. KNOWLAND. Mr. President, on the question of agreeing to my motion, I ask for the yeas and nays.

Mr. CONNALLY. Mr. President, on what question is the request for the yeas and nays made?

Mr. KNOWLAND. On the motion to recommit.

Mr. CONNALLY. I am against it.

The PRESIDING OFFICER. Is there a sufficient second to the request for the yeas and nays?

The yeas and nays were not ordered.

Mr. KNOWLAND. Mr. President, I think we are entitled to have the yeas and nays on this motion, and therefore I suggest the absence of a quorum.

Mr. CONNALLY. Mr. President, the Senator from California had a chance to request the yeas and nays, and the Senate would not agree to order the yeas and nays on his motion.

I do not object to having a quorum call at this time, but I think we are engaging in a great deal of ballyhoo that is not helping the work of the Senate.

Mr. KNOWLAND. The Senator from Texas may think it is ballyhoo. He has his responsibility, and I have mine. I believe we are entitled to have the yeas and nays ordered on this question. In view of the small number of Senators now on the floor, I think it is proper parliamentary procedure to suggest the absence of a quorum, in order to have a quorum on the floor, and then to see whether the Senate itself wishes to have the yeas and nays ordered on this question.

So, Mr. President, I suggest the absence of a quorum.

Mr. GILLETTE. Mr. President—

The PRESIDING OFFICER. The absence of a quorum has been suggested, and the clerk will call the roll.

Mr. GILLETTE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator from California withhold momentarily his suggestion of the absence of a quorum?

Mr. KNOWLAND. I think we shall expedite matters if we either have the yeas and nays ordered or if there is a quorum call at this time. A number of Senators who have commitments to attend committee meetings will be able to attend those meetings if they know there will be a yea-and-nay vote on this question.

I shall be glad to withhold my suggestion of the absence of a quorum if we can have the yeas and nays ordered.

Mr. GILLETTE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Iowa will state it.

Mr. GILLETTE. I was on my feet, addressing the Chair, and was awaiting recognition, when the Senator from California rose to his feet and suggested the absence of a quorum. My parliamentary question is this: Can a Senator, without being recognized, but merely by suggesting the absence of a quorum, interfere with a Senator who is on his feet, seeking recognition?

The PRESIDING OFFICER. The present occupant of the chair must say to the Senator from Iowa that the Senator from California was recognized, and the Senator from Iowa was not recognized.

Therefore, the suggestion of the absence of a quorum is in order, and the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	Millikin
Bennett	Hendrickson	Monroney
Benton	Hennings	Moody
Butler, Md.	Hickenlooper	Morse
Butler, Nebr.	Hoey	Mundt
Byrd	Humphrey	Murray
Cain	Hunt	Neely
Carlson	Ives	Nixon
Case	Jenner	O'Connor
Clements	Johnson, Colo.	O'Mahoney
Connally	Johnson, Tex.	Robertson
Cordon	Johnston, S. C.	Saltonstall
Dirksen	Kern	Schoeppel
Douglas	Knowland	Seaton
Duff	Langer	Smith, Maine
Dworshak	Lehman	Smith, N. J.
Eastland	Long	Smith, N. C.
Eaton	Magnuson	Stennis
Ellender	Malone	Taft
Ferguson	Maybank	Thye
Flanders	McCarran	Tobey
Frear	McCarthy	Watkins
Fulbright	McClellan	Welker
George	McFarland	Wiley
Gillette	McKellar	Williams
Green	McMahon	Young

The PRESIDING OFFICER (Mr. FREAR in the chair). A quorum is present.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays on my motion.

The PRESIDING OFFICER. There is obviously a sufficient number seconding the request, and the yeas and nays are ordered.

Mr. McFARLAND. Mr. President, I hope the motion of the Senator from California will not prevail. Senators have been questioning me as to when the

Senate may conclude its business for the session. I realize that there is hardly a bill which comes before the Senate that does not overlap, so far as jurisdiction is concerned. It might even be said that it may be important for a tax bill to be referred to the Armed Services Committee because taxes must be levied in order to raise money for the maintenance of the armed services. The Committee on Foreign Relations is a competent committee and it has given the pending bill careful consideration. Long hearings have been held. If the Armed Services Committee had felt that it should have jurisdiction, it had the right to appeal in the first place from the decision of the Chair referring the President's message to the Committee on Foreign Relations.

Mr. SALTONSTALL. Mr. President, will the Senator from Arizona yield?

Mr. McFARLAND. I yield.

Mr. SALTONSTALL. I should like to recall to the mind of the majority leader that the Chairman of the Committee on Armed Services, the distinguished Senator from Georgia [Mr. RUSSELL], at the time the message was referred, gave notice that he would make a motion, when the bill came from the Foreign Relations Committee—

Mr. McFARLAND. I do not know what other information the Armed Services Committee could gather in addition to what has already been gathered. It may be that the members of that committee are more competent than are the members of the Committee on Foreign Relations, but I think the Foreign Relations Committee is competent to pass upon the questions involved.

I did not want the bill to become involved in a jurisdictional dispute. If the Armed Services Committee intended to take action it should have taken it before this time. It should have moved to discharge the Committee on Foreign Relations after the hearings were concluded.

Mr. KNOWLAND. Mr. President, will the Senator from Arizona yield?

Mr. McFARLAND. I yield.

Mr. KNOWLAND. I do not think any member of the Armed Services Committee has taken the position that the Foreign Relations Committee had not a proper interest in the bill, but I also feel that there are many members of the Foreign Relations Committee who likewise understood that the Armed Services Committee had a proper interest in the bill. When the able Senator from Texas [Mr. CONNALLY], in his judgment and wisdom, determined that the Senate would not follow the same procedure it followed a year ago, it was clearly indicated on the floor that such a motion as I have made would be the only alternative. We are not trying to deprive the Foreign Relations Committee of its proper interest, but we also feel that there is a very real interest in the bill on the part of the Armed Services Committee.

Mr. McFARLAND. I do not question the fact that the members of the Armed Services Committee have an interest in the bill, but they do not have any greater interest than has the junior Senator from Arizona or any other Member of the Senate. Because a Senator happens

to be a member of a certain committee it does not follow that other Members of the Senate do not have an interest in the questions which may be involved in a given measure. The rules of the Senate provide that only one committee shall consider proposed legislation. I should have liked to see the question determined without such a motion being made, but that was not done.

Personally, I think the Foreign Relations Committee has done well with this bill. If the Senate is ever going to get away from Washington it must take the recommendations of its committees and consider proposed legislation on the floor. I do not think a showing has been made that the Armed Services Committee has any superior knowledge of the facts with reference to the questions involved in the bill than have members of the Foreign Relations Committee. So I hope, Mr. President, that the motion will be rejected.

Mr. GILLETTE. Mr. President—

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GILLETTE. Mr. President, I sought recognition in order to correct an erroneous impression which I feel is somewhat prevalent.

The eminent Senator from California [Mr. KNOWLAND] has made a motion to re-refer the bill. There is no question of re-reference before the Senate. The bill has never been referred to a committee of this body. The President sent a message on the sixth day of last March in which he asked that consideration be given to an extension of the Mutual Security Act. The message was referred by this body to the Committee on Foreign Relations. The Committee on Foreign Relations, as every Senator knows, conducted protracted and extensive investigations and public hearings and reported a bill under leave of the Senate.

I invite attention, Mr. President, to the fact that on the 28th day of April the eminent majority leader [Mr. McFARLAND] stated as follows:

Mr. President, I understand the Committee on Foreign Relations has ordered reported an extension of the mutual security program, and I ask unanimous consent that the Committee on Foreign Relations be authorized during any recess of the Senate this week to report an original bill extending the Mutual Security Act.

Under order of the Senate, which was made on April 28, the Committee on Foreign Relations, on the 30th day of April, while the Senate was in recess, reported an original bill which was given a number and ordered placed on the calendar. Through inadvertence it is not on the calendar on page 12, where it should be, following calendar No. 1417. But an original bill was reported to the Senate under leave of the Senate.

Mr. KNOWLAND. Mr. President, will the Senator from Iowa yield?

Mr. GILLETTE. Of course.

Mr. KNOWLAND. The technical point which the Senator has raised may be correct, but the bill which is now reported to the Senate by the Foreign Relations Committee was certainly before that committee. In view of what the Senator from Iowa has said, perhaps

the language of my motion should have been that the bill be referred to the Committee on Armed Services, rather than re-referred. But, certainly, the subject matter was before the Foreign Relations Committee. The President's message was before the Foreign Relations Committee. The bill itself has been formulated by the Foreign Relations Committee. For that reason I thought the technical question of reference would not be material.

Mr. GILLETTE. The Senator from California is correct in his statement that under the order of the Senate the President's message was before the Foreign Relations Committee. The committee conducted protracted investigations into the subject matter. The bill was reported under leave of the Senate. The bill and the subject matter involved are within the jurisdiction and control of the Senate. It is true as a parliamentary matter that the Senate can take the bill from the calendar and refer it to some other committee if it sees fit to do so.

I hope the Senate will not take such action. It would mean delay, which considering the subject matter and its importance, would, in my judgment, be wholly unjustified.

Mr. CASE. Mr. President, will the Senator yield?

Mr. GILLETTE. I am glad to yield.

Mr. CASE. Is it not correct to say that perhaps the major share of the appropriation proposed to be authorized is for direct military purposes?

Mr. GILLETTE. I think perhaps the greater percentage is, yes.

Mr. CASE. Is it not also correct that General Gruenther, in testifying before the Committee on Foreign Relations, stated that he was unable to speak in dollar amounts, but that he was speaking of the military equipment that would be necessary, in his judgment and in the judgment of General Eisenhower, for purposes of the mutual security pact?

Mr. GILLETTE. I do not know that I understand the question of the eminent Senator. Is he questioning the testimony of some witness before the Committee on Foreign Relations?

Mr. CASE. If I may make a brief statement, I will then ask a question which I think perhaps will clarify what I have in mind.

My understanding is that when General Gruenther was before the Committee on Foreign Relations, and was asked whether he felt the amount of dollar appropriations provided for was needed, he stated he was not in a position to price items of military equipment, but that he could state what was needed in terms of so many planes or so much military matériel.

If that be so, the point then is, would not the Committee on Armed Services be in a good position to give the Senate valuable judgment in translating military equipment into dollars, and hence their recommendations would be important?

Mr. GILLETTE. Mr. President, in reply to the distinguished Senator from

South Dakota, I repeat what I said a moment ago, that in all probability the greater portion of the sum of \$6,900,000,000 will be devoted to military purposes. It is the contention of those who are supporting the appropriation that even the portion of the expenditure that is to go to ECA assistance will be of military value indirectly.

What some persons overlook, and what I believe the eminent Senator overlooks, is that the whole purpose of military aid and economic aid contained in the bill is to assist our allies abroad. The whole question is one of international cooperation and international action, and, as such, is, of course, within the purview of the authority of the Committee on Foreign Relations, which, acting under that authority, formulated the bill and reported it.

Mr. CASE. Mr. President, will the Senator yield a little further?

Mr. GILLETTE. Yes; I am glad to yield.

Mr. CASE. I certainly do not question in any degree the fact that the Senate Committee on Foreign Relations appropriately considered the bill and made its recommendations with respect thereto. However, in view of the fact that by far the larger portion of money is for military aid, in view of the fact that General Gruenther said he was not equipped to translate such aid into dollars, and in view of the further fact that the Senate in considering this bill obviously cannot go into categories of individual pieces of military equipment and price them in dollars, it seemed to me that it would be appropriate to have the Committee on Armed Services give consideration to military equipment items, so that they could be translated into dollars and the Senate might thereby be enabled to legislate intelligently.

Mr. GILLETTE. I thank the Senator from South Dakota. Whatever logic there is in the statement just made, and the statement along similar lines made earlier by the eminent Senator from California, the same type of argument can apply to other phases of the aid provided for. It could be urged with just as much logic that because the bill provides ECA assistance and technical assistance under point 4, dealing with the question of raising food, it should be referred to the Committee on Agriculture and Forestry, and let that committee consider it, because much more than a billion dollars, indeed, as I recall, about \$2,000,000,000, goes into the field of production and distribution of food. By the same argument and the same logic, the Committee on Interstate and Foreign Commerce could say that the bill comes within their jurisdiction. Likewise, the Committee on Banking and Currency, which deals with the question of exchange and currency among the nations, could claim, because of that fact, the right to handle the bill.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. GILLETTE. Let me complete my statement, please. The fact of the matter is that there is not one sentence in the bill which refers to any other matter

than the question of international cooperation. There is not one such sentence at any point in the bill.

Now I am glad to yield to the Senator from California.

Mr. KNOWLAND. I have the highest regard and respect for my distinguished colleague, the Senator from Iowa, but the fact of the matter is that of the \$6,900,000,000 authorized in the bill as reported 70 percent deals with military aid. Furthermore, in the total amount, as the Senator has said, provision is made for food and economic aid. However, ECA legislation as such has historically been referred to the Committee on Foreign Relations. I merely wish to say that there is a vast difference between the question whether, because provision is made for food, the bill should properly go to the Committee on Agriculture and Forestry, and what we are suggesting, namely, that when we are dealing with military equipment, first, we must realize, that much of it is coming from our own war reserve and war stocks, or at least is competing with military equipment we want for our own forces. Secondly, when we enter the field of military equipment, we get into a highly classified area, with which the Committee on Armed Services has to live day after day. So I think there is a vast difference between the point raised by the able Senator from Iowa and a bill which contains an amount 70 percent of which deals directly with the Armed Forces.

Mr. GILLETTE. We are dealing with principles; we are not dealing with percentages. However, even on the basis of the Senator's own argument, the assumption is that 30 percent deals with funds to be made available for international cooperation outside the military sphere.

In that connection, I wish to quote from the testimony of Secretary Lovett, when he appeared before the committee, in answer to a question propounded by the Senator from New Jersey [Mr. SMITH]. The Senator from New Jersey asked:

Will you give us a picture of how that was done? It must be a very complicated job.

Secretary LOVETT. Yes, sir; it is a very complicated job. Senator SMITH the first step, of course, is the development of what is called a military plan. That planning is done by the chiefs of staff of the various member countries separately, and then in unison in what is called the military committee of NATO. That is the over-all military committee, one adjunct of which is the so-called standing group, which consists of Britain, France, and the United States, and is in constant session. After the basic plan is developed, the so-called military-assistance advisory groups, the MAAG's in the various countries, work with the country itself to find out what portions of their total contribution in men and matériel are unavailable to that country for reasons perhaps beyond their control. They measure the size of the orders, the equipment, the locally procured equipment by the country itself, and then there is left a gap.

Mr. President, I shall try to get to the distinguished Senator from Massachusetts as soon as possible.

The point is that the entire basis of the bill, including the direct military as-

sistance, which is supposed to have its effect on our military alliance with our friends and our allies in the NATO organization, and every other feature of the program, deals with international cooperation. I repeat that it would be just as logical to ask that the bill be referred to the other committees which I have mentioned, because of their jurisdictional authority over certain features. The Senate could have referred the bill to those committees. However, I submit that there is no agency or subagency of the United States Senate, in the entire list of committees, other than the Foreign Relations Committee, which has complete charge of every phase of this subject.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. GILLETTE. I am glad to yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I know that the committee of which the Senator is a member gave this subject careful consideration. I should like to point out to him two or three considerations.

First, I point out that according to the committee report, on page 25, the military-assistance feature of the bill amounts to \$5,350,000,000 out of a total of \$6,900,000,000. Since the bill was referred to the Foreign Relations Committee there has been considered by the House, and is now before the Senate Appropriations Committee, a Defense Department budget with respect to which there is great resistance by the Defense Department to reducing the budget from \$52,000,000,000 to \$46,000,000,000, a reduction of \$6,000,000,000.

Since that bill has come to the Senate from the House the President has sent to Congress a message asking for an authorization of \$2,800,000,000 more in public works for the Armed Forces. Since this bill was referred to the Committee on Foreign Relations the Atomic Energy Commission has suggested that it is coming before us with proposals for more than \$4,000,000,000 worth of new construction.

All those items concern the military. It seems to me that it is perfectly proper for the Armed Services Committee to take an over-all look at the picture, balancing all the factors, to determine what it believes should be recommended for the military. If arms are going to Europe, some of those arms cannot go to our Armed Forces at home. Therefore, I say to the distinguished Senator from Iowa it seems to me that conditions have changed and many new conditions are arising which make it proper to refer this subject briefly to the Armed Services Committee. That is all the Senator from California is asking. He is requesting only a brief over-all consideration by the Armed Services Committee.

Mr. GILLETTE. I thank the distinguished Senator. He made only one statement to which I take exception, and which he repeated.

The Senator stated that a bill had been referred to the Foreign Relations Committee. I repeat that there is no bill before the Senate except the original bill reported by the Foreign Relations Committee.

Mr. SALTONSTALL. The Senator from Massachusetts accepts the correction.

Mr. GILLETTE. The Senator from Massachusetts was undoubtedly referring to the President's message, which was referred to the Committee on Foreign Relations.

Mr. President, I do not care to take more of the time of the Senate. There are two things to which I wish to invite attention. One is that there is nothing before the Senate except the bill which was formulated and reported, under leave of the Senate, by the Foreign Relations Committee. That bill is now on the calendar. The Senate, in its discretion, can send the bill anywhere it wishes to send it. It can proceed to consider it, or it can refer it to any committee to which it chooses to refer it, because the Senate has control of its own actions in that respect.

I repeat what I stated earlier, that there is no subagency of this body which has complete jurisdiction of the subject matter of this particular bill, which was reported as an original bill from the Senate Committee on Foreign Relations.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. ROBERTSON. Mr. President, the Senator from Virginia feels that we should proceed to act upon this authorization measure now. I am not unmindful of the questions raised by the distinguished Senator from Massachusetts [Mr. SALTONSTALL]. He has stated that since the bill was acted upon in the Foreign Relations Committee the Department of Defense has objected to the reduction of \$6,000,000,000 made by the House in the appropriations for that department; also that the President has submitted a new public-works program for the military, and that the Atomic Energy Commission intends to propose a new construction program.

When the Senate acts on this bill it will go to the House. The House can refer the bill to any committee to which it wishes to refer it, or to any number of committees. We may rest assured that the House will go into the subject very fully. Then the differences between the House and the Senate will have to be reconciled.

Later the subject will come before the Appropriations Committee. As a member of that committee I very definitely feel that if, before reporting an appropriation bill, we receive information to the effect that the amount ultimately authorized is beyond our ability to finance, the Appropriations Committee will be under neither a legal nor a moral obligation to recommend the appropriation of the entire amount which may be agreed upon in the authorization. Nor will any Member of the Senate be bound by the vote we may take this week on the pending bill to make the authorization agreed upon the final figure, regardless of any information which the Committee on Appropriations may receive, or any developments which may subsequently arise.

Mr. GILLETTE. I thank the Senator from Virginia for his contribution.

Mr. President, I see no purpose whatever which could be served by the adoption of the motion of the Senator from California [Mr. KNOWLAND] other than that of delay; and under the circumstances, delay is unthinkable.

Mr. KNOWLAND and Mr. FULBRIGHT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Iowa yield; and if so, to whom?

Mr. GILLETTE. I yield first to the Senator from California, who was first on his feet.

Mr. KNOWLAND. Mr. President, I merely wish to ask the able Senator from Iowa whether he is familiar with the discussion which took place in the Senate on March 13, when the President's message was referred to the Committee on Foreign Relations. The question has been raised as to why a different procedure was not followed. I read from page 2305 of the CONGRESSIONAL RECORD of March 13, 1952:

Mr. RUSSELL. Mr. President, I repeat what I stated in my opening remarks. I said I wished to serve notice on the Senate that, in my opinion, the Senate Committee on Armed Services should be directed to examine the bill before it is voted on by the Senate. It bears a very vital relationship to matters which pertain to the equipment of the armed services of the United States and to the defense of the United States.

Mr. SALTONSTALL. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. Yes; I yield.

The VICE PRESIDENT. Before the Senator yields, the Chair will state to the Senator from Georgia that if and when the bill is reported to the Senate from the Committee on Foreign Relations, after it is up for consideration and not until then a motion will be in order to refer it to the Committee on Armed Services.

I wondered whether the Senator from Iowa was familiar with the exchange which took place between the Vice President, the Senator from Georgia [Mr. RUSSELL], and the Senator from Massachusetts [Mr. SALTONSTALL].

Mr. GILLETTE. Mr. President, in reply to the question of the Senator from California, let me say that the Senator from Iowa now recalls the discussion, since it has been called to his attention by the eminent Senator from California.

I think I am justified in making the statement that I have just been informed that the chairman of the Armed Services Committee [Mr. RUSSELL] has telephoned from Florida, where he is rather actively engaged at the present time, to the effect that at that time he was in favor of the course which he then recommended, but that it is now too late, in his opinion, to refer the bill to the Committee on Armed Services. I asked my informant if I would be justified in making that statement, and I was told that the statement had been made to the whip on the majority side, the Senator from Texas [Mr. JOHNSON].

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. FULBRIGHT. I should like to ask the Senator from Iowa some questions with respect to one or two points.

Suppose the bill should be referred to the Armed Services Committee, and that

committee should change certain provisions of the bill—for example, the provisions dealing with the point 4 program—and report the bill back to the Senate. Then I suppose it would be in order to refer it again to the Committee on Foreign Relations to examine the effect of the recommendations of the Armed Services Committee. There is no end to that kind of procedure if we are to adopt the narrow point of view of the Senator from California. If his point of view were adopted, would not the procedure which I have described be justified under such circumstances?

Mr. GILLETTE. The Senator from Arkansas has placed his finger upon the impossible situation which we might face. We might have two entirely different bills before us. Then the subject might be referred to the Committee on Agriculture and Forestry, and we would have another bill. This bill is in control of the Senate. The bill is on the calendar. It is now before the Senate for consideration. Any amendments which any Senator may have in mind can be offered. Indeed, the present speaker expects to offer some important amendments.

Mr. FULBRIGHT. Mr. President, will the Senator yield at that point?

Mr. GILLETTE. I am happy to yield.

Mr. FULBRIGHT. There is one other point I should like to raise. It is with respect to the amount authorized for direct military aid. Approximately \$1,000,000,000 of that amount, as mentioned by the Senator from Massachusetts, is to be used to make what are referred to as offshore procurements, namely, to purchase within European countries whatever armaments they can make. That has a very important economic effect, and that effect is one of the motives for authorizing the appropriation. I cannot understand how the Armed Services Committee would be able to exercise as good judgment in that respect as would the Committee on Foreign Relations.

Therefore, when we get down to analyzing the objectives of the bill, it is seen that the bill is not entirely a bill for military purposes, as the Senator from California seems to have indicated. Certainly some aspect of it, such as the point 4 program, should not be subjected to the jurisdiction of the Committee on Armed Services.

Mr. GILLETTE. I again thank the Senator from Arkansas for his contribution. I repeat what I said a moment ago, namely, that in no sense is this bill to be construed as purely a military measure. It involves the question of international relationships, of which subject the Committee on Foreign Relations has complete jurisdiction. It has augmented jurisdiction by having been authorized by the Senate to act for it when the President's message was referred to the committee.

Mr. FULBRIGHT. Mr. President, will the Senator from Iowa yield further?

Mr. GILLETTE. I am glad to yield.

Mr. FULBRIGHT. There is one further illustration I should like to make. Every treaty which comes before this body touches some aspect of our life,

such as manufacturing, agriculture, arms, or some other aspect. If we were to accept the theory advanced today, every treaty would have to be referred to two committees, or perhaps even more committees. The Committee on Foreign Relations strikes me as being a committee that is different from what we call a substantive law committee.

Mr. GILLETTE. I agree thoroughly with the Senator from Arkansas.

Mr. FULBRIGHT. Every matter dealing with foreign relations deals also with some aspect of our national life, involving some substantive legislation which is now within the jurisdiction of another committee. There is no question that this bill is in essence a foreign relations bill if there ever was one.

Mr. GILLETTE. The Senator from Arkansas is correct. I take exception to one statement he has made, from which an improper conclusion might be drawn. I refer to his comparison of the judgment of the Committee on Foreign Relations with the judgment of the Committee on Armed Services. I concede to the members of the Armed Services Committee as sound judgment as I concede to any other Senators in this body. I do not concede to them superior judgment in a matter that is within their jurisdiction.

Mr. FULBRIGHT. I did not mean to leave such an implication.

Mr. GILLETTE. I am certain the Senator did not intend to do so.

Mr. FULBRIGHT. I was trying to draw a distinction between matters essentially in political and economic fields on the one hand, and the military field on the other, not as a matter of judgment. Perhaps I should have said information.

Mr. GILLETTE. I thank the Senator from Arkansas.

Mr. CONNALLY. Mr. President, the Senate is presented with a motion on behalf, not of the Committee on Armed Services, but by one of its members, the distinguished Senator from California [Mr. KNOWLAND] to refer the bill to the Committee on Armed Services.

Mr. President, the Committee on Foreign Relations, so long as I have been connected with it as a humble servant of the Senate, has endeavored to do what the Senate has ordered it to do. We have undertaken to bring whatever ability, intelligence, and industry we possess to the solution of the questions which have been properly referred to the Committee on Foreign Relations.

That being the case, the Senate has never yet within my recollection ever turned down the Committee on Foreign Relations on any important measure, and it has never turned it down on any minor matter, like the motion of the Senator from California to refer the bill to the Committee on Armed Services.

The motion itself presupposes on the part of the Committee on Armed Services superior knowledge and superiority over the Committee on Foreign Relations.

What did we do? In the first place, last year we had the members of the Committee on Armed Services sit with us. I made no objection to it. Did we

get any better bill than we would have gotten otherwise? I do not think so. This time we invited the members of the Armed Services Committee to the preliminary hearings. We had the Secretary of State before us when the members of the Armed Services Committee were present. We had the Secretary of Defense, Mr. Lovett, before us when the members of the Armed Services Committee were present. We had Mr. Harriman, the Administrator of this program, before the committee when the members of the Armed Services Committee were present. Everything that was presented to the committee was known to the members of the Armed Services Committee. Did the Committee on Armed Services or any of its members ever come back before the Committee on Foreign Relations to discuss any particular item in the bill? If any member did, I have no knowledge of it. Did any of them, either individually or on behalf of the Committee on Armed Services, come before the Committee on Foreign Relations to discuss any item of the bill at all? If anyone had come, he would have been courteously received, and his testimony would have been accepted. We would have given every consideration to any member of that committee.

That did not happen, Mr. President. Now, after the Committee on Foreign Relations has toiled, expended great effort, and devoted much work to this bill, a motion is made to refer it to the Committee on Armed Services.

The Committee on Foreign Relations held hearings on this bill from March 13 to April 4, and thereafter considered it to April 30. The motion is now made that the Committee on Armed Services be given 10 days to supervise and overrule and modify and amend and debate a measure the consideration of which took the Committee on Foreign Relations from March 13 to April 30.

We held executive sessions, Mr. President. We did not hold executive sessions because we wanted to exclude any information from our sessions to the outside. We held executive sessions in the interest of speed, and in the interest of legislation. Those executive sessions were held on April 7, 16, 17, 18, 21, and 30.

Mr. President, there is some evidence today that some Senators at least are approaching this question from a political and partisan standpoint. We have Republican members on the Committee on Foreign Relations. Only one Senator withheld his vote by voting present. Every other Republican Senator on the committee voted to report the bill.

I ask Members of the Senate on the other side of the aisle, "Do you want to repudiate their votes? Do you on the floor of the Senate want to cast a vote which will be construed in your State and in the country generally as a repudiation of the Republican members of the Committee on Foreign Relations?"

The bill was reported by a vote of 12 to 0. One Senator did not vote. Do Senators wish to inform the country that on this important aid bill, the Mutual Security bill, which affects not alone the building up of western Europe, but also

the safety and security of the United States, the Senate has rejected the action of the Foreign Relations Committee and repudiated the votes of the Republican members of that committee, in order to gratify the Committee on Armed Services?

Mr. President, let us consider for a moment the question of jurisdiction. I hold in my hand rule XXV of the Senate rules. That rule comes from the Legislative Reorganization Act, and relates to standing committees.

Paragraph 1 (c) of that rule reads in part as follows:

The Committee on Armed Services, to consist of 13 Senators, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

1. Common defense generally.

Is anything said there about foreign relations or about the activities of our Government in foreign lands? Not a word.

Next, the rule provides:

2. The War Department and the Military Establishment generally.

3. The Navy Department and the Naval Establishment generally.

4. Soldiers' and sailors' homes—

And so forth. Mr. President, not a dollar proposed to be authorized by the pending bill would be authorized in connection with matters which rule XXV says shall be within the jurisdiction of the Armed Services Committee. Not a dollar proposed to be authorized by the bill would be authorized for our domestic Armed Forces or for the Navy. The bill relates purely to foreign relations, whereas the jurisdiction of the Armed Services Committee is in relation to matters pertaining to our own defense, military and naval.

Mr. President, are two committees to have jurisdiction of the same subject? If such a policy is to be adopted, then in the case of practically every bill called up on this floor, some Senator could find a point on which to base a motion that the bill be referred to some other committee. What good would that do, except to cause delay, confusion, uncertainty, and misinformation?

The members of the Armed Services Committee and every other Member of the Senate will have full opportunity on the floor—not in some closed room, but on the open floor of the Senate—to propose any amendment or any modification or any increase or decrease in the authorizations provided by the pending bill. Anything provided in the bill will be open to review by Senators on the floor, not because they are members of this committee, that committee, or the other committee, but because they are Members of the Senate of the United States and because they will then be dealing with a subject which was referred by the Senate of the United States to a particular committee.

Mr. SALTONSTALL. Mr. President, will the Senator from Texas yield at this point, to permit me to make an observation?

Mr. CONNALLY. I yield.

Mr. SALTONSTALL. I thank the Senator from Texas. I would call his

attention to the fact that the first subject listed in paragraph 1 (c) of rule XXV as coming within the jurisdiction of the Committee on Armed Services is common defense generally.

Furthermore, section 101 of title I of the Mutual Security Act of 1951 refers to the North Atlantic Treaty Organization; and the United States is paying a great portion of the burden in connection with that Organization.

I would not say that the Armed Services Committee was attempting to exercise any superiority of judgment or anything of the sort; but I believe it is simply endeavoring to put together, for consideration in one place, all matters pertaining to the common defense.

Mr. CONNALLY. Mr. President, I do not agree with some Senators who take the position that this entire problem is one of dollars and cents and mathematics and statistics. Great principles are involved. The mutual security pact is not based on dollars, but it is based on the great questions of liberty, freedom, and the individual rights of the governments that are members of the North Atlantic Treaty Organization.

Heart beats, noble thoughts, and high conceptions cannot be considered in or reduced to terms of dollars. Something more than the ring of a dollar is involved in these matters.

They should not and cannot be considered alone from the point of view of dollars. The Senate is taking legislative action in regard to great questions which affect the people of the world.

Some committee that is jealous or that believes it should have superiority of wisdom, seeks to intrude itself upon the jurisdiction of another committee, although the Senate itself has voted to have this matter referred to the latter committee.

Mr. President, we who serve on the Foreign Relations Committee are not saying that we should settle this question. The question has already been settled by the Senate itself. At the time when the President's message was referred to the Foreign Relations Committee, if the Armed Services Committee had challenged that reference, that committee could then have submitted a motion to refer the bill to the Armed Services Committee, instead of to the Foreign Relations Committee. However, the members of the Armed Services Committee waited and delayed, just as the action now proposed would result in delaying action on this important measure.

Mr. President, according to the view of some persons, all appropriation bills should be referred to the Banking and Currency Committee because every appropriation bill deals with money, with financial outlays, with expenditures. Therefore, according to the view of some, all appropriation bills should be referred to the Banking and Currency Committee, not to the Appropriations Committee.

Mr. President, the pending bill does not deal at all with our military and naval programs. Some Senators have spoken about an item of the pending bill which authorizes an expenditure of \$4,000,000,000 for military arms. Mr.

President, Congress has authorized appropriations of more than \$50,000,000,000 for our military defenses here at home. Yet some Senators would have the Senate believe that the rather small military arms authorization item carried in this bill for mutual security should outweigh all other considerations and should result in the reference of the bill to the Armed Services Committee.

It seems to me that if the Armed Services Committee is so anxious and willing to toil and study with the defense bill of over \$50,000,000,000 and with the organization of the Army, the organization of the Navy, and all other matters relating to those services, it should have enough to do without spreading its wings, not only all over the United States but also over foreign countries and taking over the jurisdiction of foreign relations which rightly rests with the Committee on Foreign Relations.

Mr. President, if I am not in error, the Senator from California complained about what was happening in Korea and how our planes in Korea were inferior and were outnumbered; and he made other complaints about happenings in Korea. Those matters are certainly within the jurisdiction of the Armed Services Committee. Therefore, why does not the Armed Services Committee correct the situations complained of, inasmuch as they relate to the arms of the United States, not to the foreign relations of our country. Their only relationship to foreign affairs arises because of the fact that in Korea we are fighting some foreigners. However, if we do not have a sufficient number of planes in Korea, if we do not have adequate supplies for our planes in Korea, if we do not have proper support for those planes, let the Committee on Armed Services provide for those things. If that committee has been as derelict in performing its duty in respect to Korea as it has been in its effort to take over the jurisdiction of the Foreign Relations Committee, that is its responsibility.

Mr. KNOWLAND. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. KNOWLAND. Is the Senator from Texas familiar with the fact that when question is raised by members of the Armed Services Committee or by members of the Appropriations Committee, in asking our responsible military authorities why our Air Force is flying obsolete or obsolescent planes in Korea, against the Communists, one answer which constantly is made is that with our productive capacity we cannot take care of the requirements for Europe and at the same time take care of the requirements for the Americans who are fighting in Korea? That is one of the reasons why I have made the motion to refer the bill to the Armed Services Committee, so that we can obtain some integration of our defense activities.

Mr. CONNALLY. Mr. President, the bill pertaining to our defense activities already is before the Armed Services Committee, so the argument now made is only a pretext. I do not know what

the Joint Chiefs of Staff told the members of the Armed Services Committee, but evidently what they told them did not influence the committee sufficiently to make it provide more planes or better planes. I am in favor of more planes and better planes. I want the United States to send to Korea a superb and superior Air Force which will bring us victory and will result in bringing our boys home. However, that will not be done by quarreling within the Armed Services Committee. There is the weak spot, if there is any. That is where the fault lies, if there be fault.

Mr. President, after all, what is wrong with this bill? What fault has been found with it by members of the Armed Services Committee who are presently supporting the pending motion? Do they think the amount it authorizes is too large? Do they want to cut down the support program for Western Europe, where we are undertaking to build a rampart which cannot be infiltrated by vicious and hostile and evil influences from Communist countries? Do they want to abstain from giving money for the purpose of building a protective wall in Western Europe, through which no arm, no sword, and no spear in a Communist infiltration or a Communist attack could pass to destroy the liberty and democracy of Western Europe? Do they want that effort to fail, and then to have laid open to attack the democracy and security of the Western World? No, Mr. President; I do not think so. If there be anything wrong with the bill, it can be corrected through amendments on the floor of the Senate. Members of the Armed Services Committee will be here, or they ought to be here; and, when the bill is taken up section by section, let them offer amendments. Let such amendments stand the test of debate upon this floor; let them stand the test of current and accurate information and discussion. I have no objection to that. If Senators want to attack the entire bill, they could do that upon the floor of the Senate. In fact, they could do it much better on the floor of the Senate than in a private committee room. Let them proceed if they want to deny all help in behalf of mutual security; but what they would accomplish, Mr. President, if this motion were adopted, would be delay and still more delay. I do not want more delay. We must pass imperative legislation; we must enact pressing measures in order that Congress may be able to adjourn so that Senators may attend the national conventions which will be held in July.

Mr. President, the Committee on Foreign Relations has given this measure every possible consideration. We not only considered the bill in its over-all respects and heard leading citizens of the United States, including the Secretary of State, the Secretary of Defense, and the Director of Mutual Security testify concerning it, but we then considered it in detail. Amendments were offered, discussions were had. We voted on all controversial questions. We cut the authorization \$1,000,000,000. There had been a loud cry that the amount

authorized should be reduced. We reduced it to the extent of \$1,000,000,000. The bill, so reduced, has been approved, even by such conservative members of the committee as the distinguished Senator from Georgia [Mr. GEORGE], and other Senators. It is not an extravagant measure. It has been carefully considered. One provision has been dovetailed with another.

Mr. President, I should regard it as a great misfortune if the Senate, reflecting upon its own authority, reflecting upon what it has already done, and reflecting upon the Committee on Foreign Relations, with all the toil, labor, and anguish it has undergone in the consideration of this measure should now refer it to another committee.

Mr. President, what are some of the matters within the normal jurisdiction of the Committee on Foreign Relations with which the Committee has undertaken to deal? Among other matters included within the bill—and I hope the Senator from Arkansas [Mr. FULBRIGHT] will pay heed—is technical cooperation, known as Point 4. That subject has always been before the Committee on Foreign Relations. Is it desired now to remove it from consideration by the Committee on Foreign Relations and send it to the Armed Services Committee?

The former European Recovery Program, the ECA, was before the Foreign Relations Committee. That program is no longer in operation, though there are certain kindred activities which must receive attention. Matters affecting the Institute of American Affairs, and dealing principally with Central and South American countries, have always been handled by the Committee on Foreign Relations. That subject is included in the pending bill. Do Senators desire to send that to the Armed Services Committee?

Matters connected with the International Refugee Organization and the Palestine Refugee legislation have always been considered to be within the jurisdiction of the Foreign Relations Committee.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I yield.

Mr. FULBRIGHT. I wonder what the attitude of the Senator from Texas would be, assuming that the Armed Services Committee, for purposes of illustration, were to eliminate, or practically eliminate the Point 4 program. Would not the Senator, as Chairman of the Foreign Relations Committee, be compelled then to ask that the matter be referred again to his committee for reconsideration?

Mr. CONNALLY. I see the point of the Senator from Arkansas. This would be my view of the situation: We have this bill now before the Senate, reported from the Committee on Foreign Relations. If the bill were referred to the Armed Services Committee, that committee would be expected to report another bill. In that event, instead of having one bill, we should have two. I assume that the Chair would then have to determine which bill would be considered first.

Amendments would be in order, of course, during the consideration of either of the bills.

Mr. FULBRIGHT. I did not hear the first part of the speech of the Senator from California [Mr. KNOWLAND]. Is it contemplated that the pending bill would remain on the calendar, and that another bill would be reported, resulting in our having two bills on the same subject before the Senate?

Mr. CONNALLY. No; I may say my understanding is that the Senator from California—if he is listening—wants to refer this entire bill, including every part of it, to the Armed Services Committee.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. KNOWLAND. The Senator is correct. But I did express my personal opinion that, in my judgment, the Armed Services Committee would direct its attention to the military aspects of the bill, those aspects which have a very direct bearing upon the American Army, Navy, and Air Force.

Mr. CONNALLY. Is there anything in this bill for the American Army, Navy, or Air Force?

Mr. KNOWLAND. No; but approximately \$4,700,000,000 of the amount authorized, or 70 percent of it, could very well come at the expense of the American Air Force, Army, and Navy, and have a deterrent effect upon them.

Mr. CONNALLY. That is up to the two Houses of the Congress.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CONNALLY. In a moment, I am glad the Senator from California admits and acknowledges that, of all the money authorized by this bill, there is not \$1 for the United States Army, there is not \$1 for the Navy, there is not \$1 for the Air Force yet the Senator claims that the bill should be referred to the Armed Services Committee.

Mr. SALTONSTALL. Mr. President, will the Senator from Texas yield?

Mr. KNOWLAND. Mr. President, I wonder if the Senator from Texas will yield further to me?

Mr. CONNALLY. I yield to the Senator from California.

Mr. KNOWLAND. Surely the Senator does not want to misrepresent my position. I made it very clear, I believe, that approximately 70 percent of the amount authorized by the bill reported by the Foreign Relations Committee relates to military aspects. I have pointed out that the amount of money involved has a direct relationship to our own Army, Navy, and Air Force in a very close and coordinated manner. Therefore, Mr. President, I do not believe we should talk about the common defense, which is what we have been talking about, in connection with the arms implementation legislation.

Mr. CONNALLY. Mr. President, the Senator pointed out that \$4,000,000,000 is to go to foreign nations. Is that ours? Does it go to our armed services, to our Navy, to our Air Force? No; it goes to Europe. Is not Europe foreign? I have

always regarded it as being foreign. Therefore, the entire subject comes within the jurisdiction of the Committee on Foreign Relations.

Mr. SALTONSTALL. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I invite the attention of the Senator from Texas to section 8 on page 11 of the bill. He says it does not affect the United States Armed Forces. I suggest to him that that section gives the opportunity of buying from the Armed Forces of the United States excess equipment amounting to \$1,200,000,000; so that it does directly affect our armed services.

Mr. CONNALLY. Anything that affects the United States in its dealings with foreign governments with reference to any kind of aid, if it is only a dollar, means that we shall not have as many dollars at home to spend for other purposes. If wheat is involved, it means that we shall not have as much wheat at home after we send some of it to India or China. The Senator from California admits that there is not a dollar in the bill for the United States Army, Navy, or Air Force, but he wants to have the Armed Services Committee take over and control the bill.

Mr. McFARLAND. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. McFARLAND. I should like to ask the distinguished Senator from Texas if the bill was ever introduced?

Mr. CONNALLY. No; it was reported as an original committee bill.

Mr. McFARLAND. All the committee had before it was a message from the President, was it not?

Mr. CONNALLY. Yes; but there was a draft bill attached to the message.

Mr. McFARLAND. If the Armed Services Committee had wanted to expedite the work of the Senate, it could have held hearings on the part of the message over which it felt it had jurisdiction, or it could itself have introduced a bill. But, no; it waited, although we were anxious to proceed rapidly with the business of the session, until after the Foreign Relations Committee had completed its work and reported a bill to make a motion to refer, a motion which, if agreed to, involves going back over the whole subject again.

Mr. CONNALLY. The Senator from Arizona is correct.

I was mentioning a while ago, Mr. President, the different subjects over which the Committee on Foreign Relations has had jurisdiction. They include the Palestine refugee situation; the children's fund; exchange of persons, known as the Fulbright program; the Korean Aid Act; aid to Greece and Turkey. All these questions which relate to foreign relations have been within the exclusive jurisdiction of the Committee on Foreign Relations and have been acted on by that committee.

Mr. FULBRIGHT. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. FULBRIGHT. There is involved an authorization to purchase arms with

the money provided under the bill; is there not?

Mr. CONNALLY. Yes; that is true.

Mr. FULBRIGHT. It seems to me the impression which may have been created that the bill provides for the direct supplying of funds by the Armed Forces of this country is not accurate. It merely gives permission and authority to purchase excess armament, if it is available, under a certain formula, and it will be paid for under the authorization provided by the bill.

Mr. SALTONSTALL. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. SALTONSTALL. I should say that the Senator from Arkansas is entirely correct. I was trying to point out to the distinguished chairman of the Foreign Relations Committee that though he says the bill does not affect our armed services at all, it does make it possible to send equipment now in the possession of our armed services to the armed services of other nations.

Mr. FULBRIGHT. I agree with the Senator that practically every bill that comes before us impinges upon the jurisdiction of one or more committees. We can find overlapping jurisdiction in almost all bills. Questions dealing with the Defense Production Act go to the Banking and Currency Committee. It is certainly important, in some of its aspects, to the Committee on Armed Services. The central question is, What is the overriding signification of the bill? Is it more a foreign policy matter or is it a matter affecting our Army, Navy, and Air Force? It is a foreign relations measure.

Mr. SALTONSTALL. I would not for one moment state to my colleague from Arkansas that it is an armed services matter alone. Last year a similar question was heard by both committees. What concerns me is the fact that last Friday morning I listened to testimony before the Joint Committee on Atomic Energy. This morning I listened to testimony before the Committee on Armed Services. The difficulty today is in getting sufficient equipment for our armed services. The pending bill permits the production of more equipment, which will not go to our Armed Forces but to our friends abroad. That may be the best way to handle the situation, but at the same time it is helpful to look over the whole field without going into details.

Mr. CONNALLY. The Committee on Foreign Relations looked into the whole field. We spent from March 18 to April 4, in addition to approximately 12 days of executive hearings. What does the Senator from Massachusetts think we were looking at? We were looking at the over-all picture. We were not simply twiddling our thumbs. We were considering the whole subject. Anything we do by way of giving aid to Europe has an effect on us. If we appropriate only 50 cents for Europe it has a reaction here; infinitesimal, I admit, but it illustrates my point. Anything we do in regard to foreign relations has a reaction within the United States. It cannot be avoided. I do not want to avoid it. I want to meet my duties as I see them.

Mr. LONG. Mr. President, I shall vote to recommit this bill to the Committee on Armed Services. I have some doubt that if the chairman of the Armed Services Committee were present he would vote against recommitting the bill to the Committee on Armed Services. It is my impression that if the Chairman of the Armed Services Committee were here he would desire to look at the bill, and I believe it is very likely that he would support the motion, inasmuch as members of his committee would like to study the matter.

I have always thought we should reduce the enormous expenditures for foreign aid. It is my information that this particular bill, for example, involves more money than we have spent for flood control, for the improvement of rivers and harbors, and for the production of power in this country since the beginning of the Nation. Here is an item of \$6,900,000,000 to be expended at a time when our funds are limited. The taxpayers today are paying to the very limit of their ability, and we must now judge, in defending this country, how much of various things we can afford. The Armed Services Committee is at this time investigating the question of aircraft procurement for this Nation. We find that we are sadly lacking in the planes we need for a strategic air force, both to attack an enemy in the event we are attacked, and to defend the Nation with aircraft to intercept hostile planes.

The testimony before the committee, which I was privileged to hear in part, pretty well convinced me that until we have a strategic air arm able to strike enemy targets effectively, which can be called upon to retaliate in the event we are attacked, until we have an air arm effectively able to defend this Nation, the expenditures we make for other services, and the expenditures we make for foreign aid, should be taken expenditures. The ability of this Nation to defend itself from atomic attack, and to repel any such attack made upon us, should be of first importance in all our expenditures for defense.

The point has been made that foreign aid is involved, but I believe every Member of the Senate will agree that the only reason why we would be willing vote for \$6,900,000,00 in 1 year for aid to foreign nations would be that it would directly contribute to our ability to defend ourselves as a Nation.

The point has been made that perhaps the Armed Services Committee believes it has superior knowledge of what should be done, in so far as foreign aid is concerned. I do not claim that to be the case at all. However, I believe it would be fair to say that the Committee on Armed Services might have superior knowledge of how the best results could be accomplished for the money spent in defending our Nation. It seems to me that we should take a look to see how much money this Nation can afford to spend to acquire new aircraft, such as jet bombers and jet fighter planes, in which we are sadly deficient, and make it possible to utilize atomic warfare, before we make the pro-

posed enormous expenditures for foreign aid.

I realize that at a later time there will be appropriation bills for such items before the Senate, but in trying to decide how much should be spent for various items and programs, it seems to me the Committee on Armed Services should have some idea of what is being done.

Mr. FULBRIGHT. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. FULBRIGHT. Is it the Senator's contention that we are short of airplanes because of a lack of appropriations voted by Congress?

Mr. LONG. I know that Congress refused to go along with an amendment offered by the distinguished Senator from California 2 years ago. He received very little support at that time. As I understand, most of his support came from members of the Committee on Armed Services. Perhaps we would be better equipped with airplanes today if the appropriations he sought had been voted.

Mr. FULBRIGHT. Then, is it the Senator's contention that the reason why we do not have as many airplanes as he says we need is that there has not been a sufficient appropriation of money?

Mr. LONG. If we had been striving in the last 4 or 5 years to produce more aircraft, we would have more today. That goes without any further argument. We have not had the production in the last 3 years to enable us to have today the effective air program which we should have.

At the same time, let me say that Congress was beating down efforts to reduce economic aid to Europe. If Congress had not been beating off proposals to give us a 70-group or larger air force, our air force would have been better able to defend the Nation today, in my opinion.

Mr. FULBRIGHT. The Senator believes that the solution to the problems that confront us today is military, does he?

Mr. LONG. Not entirely, no.

Mr. FULBRIGHT. Well, primarily?

Mr. LONG. The ability to defend this Nation is primarily a military matter.

Mr. FULBRIGHT. And the solution, in the Senator's opinion, is to be sought through military means?

Mr. LONG. I cannot answer that question categorically in one word.

Mr. FULBRIGHT. Then the Senator can take two words.

Mr. LONG. I will take a few more than that in my own time, and the Senator from Arkansas can address himself to the question in his time.

I would say that primarily what we are trying to accomplish with foreign aid, as I understand, is to develop the ability of this Nation to defend itself. The whole defense program is intended to provide for the common defense of the Nation. Many of us have voted for appropriations and expenditures for foreign aid based upon just such an assumption, namely, that we were going to be able to make it more possible to protect ourselves.

Let us look at the program. An appropriation of \$6,900,000,000 is proposed. Everyone who knows anything about it, including the committee which studied it, knows that if the Soviet Army should move tomorrow, all this money would be lost, because it would not prevent the Soviet army from overrunning Europe. We believe that by building up our resources over a period of time, we will be able to provide sufficient strength in Europe to enable the countries there to defend themselves.

What is the major factor that prevents the Soviet Union from moving at this time? It is the fact that the United States of America is substantially superior in atomic weapons, and has an Air Force that will enable us to break through with atomic weapons. What will keep the Soviet Union from moving for the next two or three years? Primarily American atomic warfare and an American Air Force. These should have first priority.

In arriving at correct judgments in these matters the Committee on Armed Services has made a study of the situation, and has had an opportunity to study it thoroughly, and would be well qualified and should be given an opportunity to pass on proposed legislation.

There is one other item. Some people prefer that the Armed Services Committee not look at this bill. I am not thinking of Members of the Senate: I am thinking about people interested in obtaining large appropriations for Europe. Those people have had a chance to discuss this matter with and to convince members of the Committee on Foreign Relations that this matter was justified. It has been my impression that they have not had as much success with the Armed Services Committee.

It is unfortunate that the chairman of the Armed Services Committee, the Senator from Georgia [Mr. RUSSELL], is not presently here, being engaged at this time in a contest in the State of Florida with another member of the Armed Services Committee, who has had almost 3 months' leave in proposing his candidacy to the Nation.

Nevertheless we have as the ranking majority member of that committee the senior Senator from Virginia [Mr. BYRD]. The Senator from Virginia would be a most appropriate Senator to preside as temporary chairman of the committee, because, in my opinion, there is no Member of the Senate who has made a more thorough study in his effort to find where proper economies can be effected than has the senior Senator from Virginia.

Mr. President, there is involved here a question of how much we can strip our defenses for the defense of Europe. I understand this bill provides that excess arms would be sold to foreign countries. That immediately raises the question as to how the Army and the State Department will manage to work out a program so that Europe can have modern equipment taken from the American arsenal. It can be done only by declaring it excess. I suppose that means they might go so far as to declare jet aircraft excess, and then, even though useful here, they could

be shipped to Europe. Various other equipment of that sort is involved.

It might be well for the Armed Services Committee to see just what kind of defense equipment is going to be declared excess, because I am of the opinion that, insofar as the Air Force is concerned, if anything that is taken from this Nation to be sent to Europe would be useful there, it would be useful here.

Therefore, I support the Senator from California in feeling that before this matter is acted upon by the Senate, the Senate Armed Services Committee should have an opportunity to look into it. I did not attend the meetings of the Committee on Foreign Relations the day General Gruenther appeared. I would have been interested in attending. However, a member of the committee senior to me advised me that the same testimony was going to be presented before the Armed Services Committee, and that therefore it might be wise to wait until General Gruenther appeared before the Armed Services Committee. General Gruenther did so appear. The junior Senator from Louisiana was under the impression that the other witnesses were going to appear before the Armed Services Committee. Therefore, desiring the opportunity to examine some of the witnesses and to become better acquainted with this legislation, in order, perhaps, to offer proper amendments to it, the junior Senator from Louisiana will support the motion of the Senator from California.

Mr. CONNALLY. Mr. President, I want the Senate, in voting on this question, to realize what it is acting upon. Senators who favor the motion will vote to reject the recommendation of the Committee on Foreign Relations, and to affront, and almost to insult, that committee, to which this subject was referred by the Senate. At the time the President's message was referred to the Committee on Foreign Relations no motion was made to refer it to any other committee.

Senators who vote for the pending motion will be voting against acting upon the bill which was reported from the Senate Committee on Foreign Relations by a vote of 12 to none. Why should Senators wish to do that? Is it because they wish to make speeches? They have had ample opportunity to make speeches, and they will have further opportunity to make speeches when the bill is taken up formally in the Senate. There is no brake on debate in the Senate. Senators can discuss the bill as long as they desire. If there is anything wrong with it, let us bring it out into the open, where we can see it. Let us not rely on generalities, and statements to the effect that the Armed Services Committee ought to look into the subject. According to its own statement, the Armed Services Committee has not been looking into the question of aircraft, as pointed out by the Senator from Louisiana [Mr. LONG], and as was pointed out earlier by the Senator from California [Mr. KNOWLAND].

If the Senate votes to adopt the motion of the Senator from California, it will be setting a precedent whereby, with

respect to any bill which comes before the Senate, any Senator who can find some little pretext, some little loophole, can make a motion to refer the bill to some other committee.

Does such procedure contribute to the orderly operations of the Senate? Does it contribute to the prompt disposition of the business of the Senate? On the other hand, it contributes to delay, to speculation, and to quarrels and quibbles, even within the Armed Services Committee itself. No one expects the bill to be reported back from the Armed Services Committee untouched. It will be daubed up in some way if it is referred to that committee. If that were not the intention, the proponents of the motion to refer the bill to that committee would not be so strenuous in their efforts.

Mr. President, I regret to see delay in connection with this measure. It is of the highest importance. What we do here today will be reflected in every chancellery in every great country in Europe. It will be said, "The United States is not going to carry out its NATO obligation. The United States is not going to follow up and aid Western Germany to become a part of Western Europe. The United States is not going to follow up in aiding Western Europe to build up a rampart against the wild waves of communism which will break against it. The United States is not going to aid in building up a great fortress which no totalitarian army can pierce, and no totalitarian armed force can seriously endanger."

Do we want that to happen? It is going to happen if we vote to refer this bill to the Armed Services Committee. Mr. President, I hope and pray that the Senate will not commit such a tragic and grievous error.

Mr. LEHMAN. Mr. President, I have no interest in the jurisdictional questions which arise as between the two committees. Both committees are manned by men as able, patriotic, and conscientious as any I have ever known. But while I am not interested in the jurisdictional question, I am vitally interested in the entire issue of mutual-security legislation. As Senators know, I have long been an ardent supporter of mutual-security assistance. I think it would be a world tragedy and a tragedy for our own country if we should fail to take action promptly.

The motion of the distinguished Senator from California, if adopted, would inevitably lead to much delay. There could be no report from the committee in less than 2 or 3 weeks. Two weeks, I believe, is the time mentioned in the motion. Thereafter, of course, any changes made by the Armed Services Committee—and inevitably there would be changes—would have to be referred to the Foreign Relations Committee for further consideration.

The Armed Services Committee claims jurisdiction because of the large percentage of the proposed appropriation to be devoted to military purposes. The Foreign Relations Committee and other committees of the Senate may claim similar jurisdiction with regard to cer-

tain items and certain titles involved in the proposed legislation. In the meantime, I believe the world would be in a turmoil. Our allies would lose confidence in the good faith and good will of the United States to help them and, incidentally, help ourselves. I believe that the effect would be tragic in its implications. I believe that the effect would be one which we could not possibly overcome.

When the bill is debated on the floor of the Senate, amendments can be offered. As the distinguished Senator from Georgia [Mr. GEORGE] pointed out, such amendments might cut half a billion dollars or a billion dollars, or more, from the bill which has been reported by the Foreign Relations Committee.

On the other hand, the Senate might increase the amount. Today I submitted an amendment restoring the full amount which has been requested for foreign assistance. I hope that that restoration amendment will be carefully considered and favorably acted upon by the Senate. I believe that the money which has been asked for is vitally necessary, and means much to the success of our efforts to bring peace and security to our country and to the entire world. I believe that adoption of the motion made by the distinguished Senator from California to refer the bill to the Armed Services Committee would inevitably confuse the thinking of the Senate. It would inevitably confuse the thinking of the entire American people, and would bring discouragement, loss of hope, and loss of confidence to the entire world.

For these reasons I shall vote against the motion of the Senator from California, and I very much hope that it will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California [Mr. KNOWLAND] to refer the bill to the Committee on Armed Services, with instructions to report it to the Senate on or before May 15, 1952. On this question the yeas and nays have been ordered.

Mr. McFARLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hendrickson	Morse
Bennett	Hennings	Mundt
Benton	Hickenlooper	Murray
Butler, Md.	Hoe	Neely
Butler, Nebr.	Humphrey	Nixon
Cain	Ives	O'Connor
Case	Jenner	O'Mahoney
Clements	Johnson, Tex.	Robertson
Connally	Johnston, S. C.	Saltonstall
Cordon	Kem	Schoeppel
Dirksen	Knowland	Seaton
Douglas	Langer	Smith, Maine
Duff	Lehman	Smith, N. J.
Dworshak	Long	Smith, N. C.
Eastland	Magnuson	Stennis
Ecton	Malone	Taft
Ellender	Maybank	Thye
Ferguson	McCarran	Tobey
Flanders	McCarthy	Watkins
Frear	McClellan	Welker
Fulbright	McFarland	Wiley
George	McMahon	Williams
Gillette	Millikin	Young
Green	Monroney	
Hayden	Moody	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the motion of the Senator from California [Mr. KNOWLAND] that the bill be referred to the Committee on Armed Services. On this question the yeas and nays have been ordered, and the clerk will call the roll.

Mr. SMITH of New Jersey. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New Jersey will state it.

Mr. SMITH of New Jersey. I understand that on this motion a vote "yea" will be a vote simply to refer the bill to the Armed Services Committee, with instructions to report the bill not later than the 15th of May, with any suggestions which it may have to make in the form of proposed amendments; and the bill which will then be before the Senate will be the bill which has been reported by the Foreign Relations Committee. Is that correct?

The PRESIDING OFFICER. That is correct.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Florida [Mr. HOLLAND], and the Senator from Georgia [Mr. RUSSELL] are absent by leave of the Senate.

The Senator from Virginia [Mr. BYRD], the Senators from Alabama [Mr. HILL and Mr. SPARKMAN], the Senator from Wyoming [Mr. HUNT], the Senator from Colorado [Mr. JOHNSON], the Senators from Tennessee [Mr. KEFAUVER] and Mr. McKELLAR], the Senator from Oklahoma [Mr. KERR], the Senator from West Virginia [Mr. KILGORE], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS], and the Senator from Kentucky [Mr. UNDERWOOD] are absent on official business.

I announce further that on this vote the Senator from Florida [Mr. HOLLAND] is paired with the Senator from West Virginia [Mr. KILGORE]. If present and voting, the Senator from Florida would vote "yea," and the Senator from West Virginia would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Indiana [Mr. CAPEHART], the Senator from Massachusetts [Mr. LODGE], and the Senator from Pennsylvania [Mr. MARTIN] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is detained on official business.

If present and voting, the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], and the Senator from Pennsylvania [Mr. MARTIN] would each vote "yea."

On this vote the Senator from Maine [Mr. BREWSTER] is paired with the Senator from Massachusetts [Mr. LODGE]. If present and voting the Senator from

Maine would vote "yea" and the Senator from Massachusetts would vote "nay."

The result was announced—yeas 40, nays 33, as follows:

YEAS—40

Aiken	Hickenlooper	Saltonstall
Bennett	Ives	Schoeppel
Butler, Md.	Jenner	Seaton
Butler, Nebr.	Johnson, Tex.	Smith, Maine
Cain	Kem	Smith, N. J.
Case	Knowland	Stennis
Cordon	Langer	Taft
Dirksen	Long	Thye
Duff	Malone	Watkins
Dworshak	McCarthy	Welker
Ecton	Millikin	Williams
Ferguson	Morse	Young
Flanders	Mundt	
Hendrickson	Nixon	

NAYS—33

Benton	Hayden	McMahon
Clements	Hennings	Monroney
Connally	Hoey	Moody
Douglas	Humphrey	Murray
Eastland	Johnston, S. C.	Neely
Ellender	Lehman	O'Connor
Frear	Magnuson	O'Mahoney
Fulbright	Maybank	Robertson
George	McCarran	Smith, N. C.
Gillette	McClellan	Tobey
Green	McFarland	Wiley

NOT VOTING—23

Anderson	Hill	Martin
Brewster	Holland	McKellar
Bricker	Hunt	Pastore
Bridges	Johnson, Colo.	Russell
Byrd	Kefauver	Smathers
Capehart	Kerr	Sparkman
Carlson	Kilgore	Underwood
Chavez	Lodge	

So Mr. KNOWLAND's motion to refer the bill (S. 3086) to the Committee on Armed Services, with instructions, was agreed to.

Mr. McFARLAND. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1310, which is Calendar No. 1155.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state the inquiry.

Mr. KNOWLAND. Will a motion to lay on the table a motion to reconsider be in order following action upon the motion of the majority leader?

Mr. McFARLAND. Mr. President, I have no desire to preclude a motion to lay on the table, if the Senator desires to make such a motion. So far as I am concerned, we are proceeding to other legislation.

Mr. KNOWLAND. Let us first have an opportunity to make the motion to reconsider.

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from California?

Mr. McFARLAND. Mr. President, with the understanding that I may have the floor immediately following the disposition of that matter, I withdraw my motion temporarily.

Mr. KNOWLAND. Mr. President, I move to reconsider the vote by which my motion to refer Senate bill 3086 to the Committee on Armed Services was agreed to.

Mr. CAIN. I move to lay that motion on the table.

The VICE PRESIDENT. The question is on the motion of the Senator from Washington to lay on the table the motion of the Senator from California to reconsider.

The motion to lay on the table was agreed to.

Mr. McFARLAND. Mr. President, it is very unusual for me to be unwilling to abide by the decision of a majority of the Senate, and so, of course, in this instance I am quite willing to do so. That is why I yielded for the motions to reconsider and to lay it on the table. However, I desire to call the attention of Senators to the fact that, by this vote to refer Senate bill 3086 to another committee than that which reported it they have probably delayed adjournment of the Senate by at least 3 weeks—not less than 3 weeks. That is satisfactory to the Senator from Arizona; he can remain here as long as any other Senator. But the responsibility for the delay must be upon those who voted to refer the bill to the Armed Services Committee, not upon me.

The VICE PRESIDENT. Does the Senator from Arizona renew his motion to proceed to the consideration of Senate bill 1310?

WELFARE OF COAL MINERS

Mr. McFARLAND. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1310, which is Calendar No. 1155.

The VICE PRESIDENT. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1310) amending Public Law 49, Seventy-seventh Congress, providing for the welfare of coal miners, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from Arizona.

Mr. SALTONSTALL. Mr. President, before the vote is taken, will the Senator from Arizona yield for a question?

Mr. McFARLAND. I yield.

Mr. SALTONSTALL. Is it the Senator's understanding that, if the Senate proceeds to the consideration of Senate bill 1310, it will continue its consideration when the mutual security bill is reported from the Armed Services Committee and is placed on the calendar, or will the mutual security bill be placed ahead of this bill and any other bill which may be on the calendar at that time?

Mr. McFARLAND. We shall have to meet that situation when it arises. We do not know what will be on the calendar at that time. I do not know what the Senate may do. The Senate might want to refer the mutual security bill to the Judiciary Committee or to the Committee on Interstate and Foreign Commerce, when it comes back from the Armed Services Committee. A number of committees may desire to consider that measure. I do not intend to commit myself.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. McFARLAND. I yield to the Senator from South Carolina.

Mr. MAYBANK. I certainly want no misunderstanding. I have had numerous requests to report the control bill and the housing bill. The control bill, particularly, is for the good of all the people

of America, since it is designed to stop inflation. I certainly want no understanding that if it should be pending when the mutual security bill is again reported, the control bill would be laid aside for the purpose of considering the mutual security bill.

The VICE PRESIDENT. The question is on the motion of the Senator from Arizona to proceed to the consideration of Senate bill 1310, which has been read by its title.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Labor and Public Welfare, with an amendment to strike out all after the enacting clause and insert:

That the act of May 7, 1941 (55 Stat. 177; 30 U. S. C., 1946 edition, secs. 4f-4o), is hereby amended as follows:

At the end of section 5 add the following: "Any owner, lessee, agent, manager, superintendent, or other person who willfully fails or refuses to furnish complete and correct information pursuant to this section shall be guilty of a misdemeanor, and upon conviction, shall be punished by a fine not exceeding \$500 or by imprisonment not exceeding 60 days, or both."

Following section 6 (f) thereof, add sections 6 (g), 6 (h), 6 (i), and 6 (j) as follows:

"(g) The Secretary of the Interior is hereby authorized and directed to promulgate and from time to time revise such regulations in accordance with the provisions of section 4 of the Administrative Procedure Act as he may deem necessary to establish safety standards and requirements to be observed in the operation of coal mines, the products of which regularly enter commerce or the operations of which substantially affect commerce. Such regulations shall be designed to eliminate or ameliorate, so far as practicable, unsafe or unhealthful conditions or practices in such mines which result in explosions, cave-ins, inundations, suffocation of miners, accidents, and occupational and other diseases.

"Such regulations shall prescribe—

"(1) minimum standards governing timbering, support, and prevention of collapse or squeeze in coal mines as may be required in the interest of safety;

"(2) minimum standards governing the construction and use of machinery and equipment and the composition and use of explosives in coal mines as may be required in the interest of safety;

"(3) minimum standards governing operations, equipment, methods of mining, ventilation, prevention of gas or dust explosion, and transportation in coal mines as may be required in the interest of health and safety;

"(4) minimum standards, in the interest of health and safety, governing inspections of and repairs to coal mines, coal-mining equipment and machinery and inspections of coal-mining methods and procedures; and

"(5) other standards to effectuate the provisions of this act.

"(h) Any operator or his representative who after having been duly notified of a violation of any regulation promulgated under the provisions of this act continues to willfully violate such regulation shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$2,000 or imprisoned not more than 6 months or both.

"(i) Whenever the Secretary of the Interior, authorized coal-mine inspector, or any other authorized representative of the Secretary, finds that any violations of any regulation under this act result in a condition that constitutes an imminent danger to the

life or safety of employees in the mine, he shall by oral or written order setting forth the dangerous condition found to exist and the unsafe area covered thereby, require the operator or his representative to withdraw all employees, other than those necessary to correct such unsafe condition, from the unsafe area until such danger has been eliminated and a certificate of correction has been issued, as hereinafter provided. Any operator or operator's representative who has notice of such an order of withdrawal, whether oral or written, shall immediately comply with it. The posting of a copy of the order at or near the mine entrance and the delivery of a copy thereof to the operator or his representative while the mine is in operation shall be evidence that the operator or his representative at the mine has notice of the order as of the time of such posting and delivery. Whenever the Secretary of the Interior, an authorized coal-mine inspector, or any other authorized representative of the Secretary shall determine that the condition has been corrected, so that it no longer constitutes a violation of the regulations, he shall issue a certificate of correction, upon issuance of which the operator may reopen the area affected by the order of withdrawal.

"In accordance with regulations promulgated by the Secretary of the Interior, the operator of the mine to whom the order of withdrawal is directed may appeal to the Secretary of the Interior, the Director of the Bureau of Mines, or any authorized representative of the Secretary. Thereupon, a different coal-mine inspector or inspectors shall reexamine and inspect the mine and file a report within a reasonable time. A copy of the report shall promptly be delivered to the operator of the mine. Upon such reexamination, the Secretary of the Interior, the Director of the Bureau of Mines, or any other authorized representative of the Secretary, as may be provided in such regulations, may affirm, revise, or set aside the order of withdrawal. Upon petition filed by any person aggrieved by the order of the Secretary of the Interior, the Director of the Bureau of Mines, or any authorized representative of the Secretary affirming, revising, or setting aside the order of withdrawal, he shall hold a hearing and, upon the record made at such hearing, enter a final order in the matter. All proceedings under this paragraph and appeals from final orders thereunder shall be conducted in accordance with the provisions of the Administrative Procedure Act. Pending final disposition of any proceeding under this paragraph, the order of withdrawal shall be complied with."

"(j) Any operator or his representative who willfully fails to comply with the order of withdrawal issued under the provisions of section 6 (i) of this act shall be guilty of a felony, and upon conviction thereof shall be punished by a fine not exceeding \$10,000 or by imprisonment not exceeding 2 years, or both."

After section 11, add a new section 11A, as follows:

"Sec. 11A. State laws or contracts pertaining to mine safety shall not be deemed to be superseded, save only to the extent to which they are in conflict with the provisions of this act or the regulations or orders issued pursuant to it."

ORDER OF BUSINESS

Mr. McFARLAND. Mr. President, I desire to give notice that following the consideration of this bill, unless there is an appropriation bill ready, we shall probably take up Calendar 1072, Senate bill 2550, a bill to revise the laws relating to immigration, naturalization, and nationality, and for other purposes. Inasmuch as no notice has been given of

the consideration of that bill, and because considerable interest has been manifested in it, it is my purpose to move that when the Senate concludes its business today, it recess until Wednesday, in order that Senators may have an opportunity to study the proposed legislation.

Mr. LEHMAN. Mr. President, will the Senator from Arizona yield?

Mr. McFARLAND. I yield to the Senator from New York.

Mr. LEHMAN. Mr. President, the majority leader has now given notice that he intends at a very early date to call up Senate bill 2550, the so-called McCarran immigration bill. I want to protest with all the vigor at my command against the consideration of that bill. There is a bill which was introduced nearly 2 months ago which is a substitute for Senate bill 2550.

This is neither the time nor the place to enter into a discussion of the relative merits of the two bills, but the fact remains that Senate bill 2842, introduced by the Senator from Minnesota [Mr. HUMPHREY] and myself, together with 11 or 12 other Senators, has received and is receiving the support of many religious, civic, and patriotic organizations, and of a great number of private individuals.

We have requested a hearing on the bill at which the sponsors as well as those representing important organizations could appear. We have not yet received a hearing. Certainly, the Senate should not take up Senate bill 2550 without at least having a hearing with regard to the bill which has been introduced as a substitute, a bill which has engaged the interest and support of many hundreds of thousands if not millions of persons. I ask, Mr. President, that before Senate bill 2550 be taken up, a hearing be given to the so-called Humphrey-Lehman bill, Senate bill 2842. I make the request on the grounds of fair play and justice and as being in the interest of the great American people, many of whom are deeply interested in the complex, difficult, and highly important question of immigration.

The VICE PRESIDENT. The question before the Senate is Senate bill 1310. The question of taking up the other bill is not before the Senate.

Mr. McFARLAND. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McFARLAND. It was my understanding that Senate bill 1310 was made the unfinished business.

The VICE PRESIDENT. The Senate voted to consider it and it is now before the Senate.

Mr. TOBEY. Mr. President, will the Senator from Arizona yield?

Mr. McFARLAND. I yield.

Mr. TOBEY. The Senator from Arizona has been outlining future legislation. I should like to ask him when he is going to make good on the promise he gave us to bring up the St. Lawrence waterway bill?

Mr. McFARLAND. We shall do the best we can with that bill. The vote to-

day jeopardized consideration of the St. Lawrence waterway bill. It will delay the Senate. But I shall do my very best. The bill has been reported, but the vote today has jeopardized its consideration, without question.

Mr. TOBEY. I voted "nay."

Mr. McFARLAND. I thank the Senator from New Hampshire.

Mr. AIKEN. Mr. President, will the Senator from Arizona yield?

Mr. McFARLAND. I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, I am amazed to hear the Senator from Arizona say that the vote taken by the Senate this afternoon has jeopardized the consideration of the St. Lawrence waterway bill. The bill to which he refers on which the vote was taken has to do with cooperation with foreign nations. Is there any nation more neighborly and more cooperative with the United States, more necessary to the security of the United States, than is the Dominion of Canada?

The Dominion of Canada for months has been asking whether the United States is going to cooperate with her in the construction and development of the St. Lawrence waterway and power project. We have not even given her the courtesy of an answer. Whether we vote yes or no, our nearest and best neighbor is asking whether we are going to cooperate. Canada wants to let contracts for the work during the coming summer, and she will undoubtedly go ahead. Do we not owe it to Canada, even if we do not owe it to the people of the United States, to consider the measure? Are we going to adapt the economy of this country to suit the desires of a few bankers and utility and railroad men, or are we going to take into consideration the welfare of Canada and the United States? Are we going to let the Santa Fe Railroad and the Union Pacific Railroad—

Mr. TOBEY. Do not forget the New England railroads.

Mr. AIKEN. Are we going to let them tell us what the Congress is going to do and when we are going to do it, or are we going to do what we should do?

Mr. TOBEY. We should show some guts here. That is what we need.

Mr. McFARLAND. Mr. President, we are trying to proceed with the business of the Senate in an orderly manner. I meant by my statement that the vote jeopardized the consideration not solely of the St. Lawrence seaway bill, but of other bills. Any vote which delays consideration of a bill and wastes the time of the Senate jeopardizes the consideration of other proposed legislation.

Mr. FERGUSON. Mr. President, will the Senator from Arizona yield?

Mr. McFARLAND. I yield.

Mr. FERGUSON. Is it not true that the delay has not been more than 4 hours because of the procedure of referring the mutual security bill to the Committee on Armed Services?

Mr. McFARLAND. No; that is not true. The Mutual Security bill is one which has to be considered, and the Senate is being delayed in the consideration of that bill and other "must" legislation.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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32nd-2nd, No. 77

OFFICE OF BUDGET AND FINANCE
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HIGHLIGHTS: House debated price-maintenance bill. House committee voted to report foreign-aid bill. Senate received appropriation estimate for meat inspection. Sen. Williams criticized CCC storage operations.

HOUSE

- 1. PRICE MAINTENANCE.** Began debate on H. R. 5767, amending the Federal Trade Commission Act to permit minimum price agreements, where lawful, on an intrastate basis, and with respect to brand products in competition with each other (pp. 4974-5003).
- 2. FOREIGN AID.** The Foreign Affairs Committee voted to report (but did not actually report) H. R. 7005, to amend and extend the Mutual Security Act of 1951. As approved by committee, the bill would authorize 20% less military aid than recommended and 10% less defense-support aid. The Committee is to meet May 9 to consider the printed report. (p. D424.)
- 3. PUBLIC LANDS.** The Agriculture Committee reported without amendment S. 1403, to transfer a tract of USDA (FHA) land at Shumaker, Ark., to the Navy (H. Rept. 1847), and S. 1630, to increase the width of easements for rights-of-way which may be granted over national forest lands for communications and electric lines (H. Rept. 1848); and reported with amendment H. R. 5314, to authorize transfer of a EPISAE grape-research station to the University of Calif. (H. Rept. 1849) (p. 5006).
- 4. AGRICULTURAL APPROPRIATION BILL, 1953.** Rep. McGregor spoke on the importance of the farm programs and said this bill, H. R. 7314, is a "fair compromise" (p. 4973).
- 5. FARM LABOR.** Rep. Rogers of Tex. claimed that a recent Labor Department regulation "will make a bookkeeper and accountant out of every farmer" (p. 4973).
- 6. RECLAMATION.** H. R. 6163, to authorize irrigation works in connection with Chief

Joseph Dam, was transferred from the Public Works Committee to the Interior and Insular Affairs Committee (p. 4974).

SENATE

7. APPROPRIATIONS. Received the President's proposed Budget amendment of \$600,000 for meat inspection, 1953 (S. Doc. 126).
8. GRAIN STORAGE. Sen. Williams criticized the CCC's dealings with the Baton Rouge Warehouse Co., Inc., bringing out the transactions made by Jack Cowart (pp. 4949-50).
Received a report from the Comptroller General on grain transactions, 1949, between CCC and Cargill, Inc., to Government Operations Committee (p. 4939).
9. PRICE CONTROL. Sen. Humphrey inserted two resolutions by labor unions urging the exclusion from the Defense Production Act of the Herlong and Capehart amendments (p. 4940).
10. ELECTRIFICATION. Sen. Humphrey inserted a resolution adopted by the Border Counties Cooperative, Inc., urging funds for continuing public hydroelectric power project construction (p. 4940).
11. SUGAR BEETS. Sen. Wiley inserted a letter and resolution from the Wisconsin Cooperative Sugar Beet Growers discussing the plight of beet growers and urging action from the Secretary on quota revision, and from Congress on import quotas (pp. 4940-1).
12. FLOOD CONTROL. Sen. McKellar inserted a Memphis Commercial Appeal editorial claiming that the Corps of Engineers plays an extremely important part in flood-control operations, and its job should not be delegated to less experienced hands (pp. 4944-5).
13. FLOOD INSURANCE. Sen. Carlson spoke in favor of his bill, S. 2148, on this subject (p. 4945).
14. IMMIGRATION. Agreed to the consideration of S. 2550 despite a strong attempt to have this bill deferred until hearings had been held on the Humphrey-Lehman bill (pp. 4967-8).
15. RECESSED until Fri., May 9 (p. 4972).

BILLS INTRODUCED

16. RECLAMATION. S. 3133, by Sen. Kerr (for himself and Mr. Monroney), to authorize the Secretary of the Interior to construct, operate, and maintain the initial phase of the Washita River Basin reclamation project, Oklahoma; to Interior and Insular Affairs Committee (p. 4942).
17. VETERANS' BENEFITS; EDUCATION. S. 3135, by Sen. Hill (for himself and Sen. McFarland), and H. R. 7751, by Rep. McCarthy, to extend the period during which vocational rehabilitation training may be provided for certain World War II veterans who were hospitalized for service-connected disability; to Veterans' Affairs Committee (pp. 4942, 5007).
18. VETERANS' BENEFITS; PUBLIC LANDS. H. R. 7757, by Rep. Yorty, to grant preference to disabled veterans of World War II in making homestead entry on public lands; to Interior and Insular Affairs Committee (p. 5007).

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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82nd-2nd, No. 79

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SENATE

1. IMMIGRATION. Continued debate on S. 2550, to revise the laws relating to immigration, naturalization, and nationality (pp. 5074-6, 5081-5).
2. FOREIGN AID. Sen. Wiley spoke in support of the foreign aid program (pp. 5064-74).
3. EXPENDITURES; PERSONNEL. Sen. Byrd submitted the report of the Joint Committee on Nonessential Federal Expenditures on personnel in the Executive Branch, Feb.-Mar. 1952, and pay, Jan.-Feb. 1952 (pp. 5046-50).
4. NOMINATIONS. Confirmed the nominations of several members for reappointment to the National Science Board, National Science Foundation (p. 5030).
The Judiciary Committee reported favorably the nomination of James P. McGranery to be Attorney General (p. 5035).
Confirmed the nomination of Dale E. Doty to the Federal Power Commission (p. 5035).
5. TUNA-FISH REPORTS. The Finance Committee ordered reported (but did not actually report) without amendment H. R. 5693, to impose a 3-cent tax on tuna-fish imports and to provide for a study of the matter by the Tariff Commission and the Interior Department (p. 5044).
6. INFORMATION INVESTIGATION. The "Daily Digest" states that the Government Operations Committee "referred to its Permanent Subcommittee on Investigations S. Res. 309, to authorize the Committee on Government Operations to investigate policies concerning dissemination of information and news in Government departments. Chairman McClellan temporarily assigned Senators Monroney, Moody, and Schoeppel to the Investigations Subcommittee for the purpose of conducting an investigation and study authorized by this resolution. Senator Hoot, Chairman of the Investigations Subcommittee, indicated that he would appoint two members from his subcommittee to serve with the afore-mentioned three to aid in conducting

the study pursuant to S. Res. 309. (pp. D434-5.)

7. ADJOURNED until Mon., May 12, when the immigration bill will be temporarily laid aside for reading of the remainder of the calendar of bills (pp. 5035, 5046).

HOUSE

8. CENSUS OF AGRICULTURE. The Post Office and Civil Service Committee voted to report (but did not actually report) H. R. 7202, to provide that a census of agriculture be taken in October 1954 and the same month in each tenth year thereafter (p. D436).

9. FOREIGN AID. The Foreign Affairs Committee approved the report on H. R. 7005, to extend the Mutual Security Act, and the bill was ordered reported (but was not actually reported) (p. D436).

BILLS INTRODUCED

10. FLOOD INSURANCE. S. 3146, by Sen. Maybank (by request), to provide for national flood insurance; to Banking and Currency Committee (p. 5051).
11. LABOR STANDARDS. S. 3147, by Sen. Dworshak, to amend the Fair Labor Standards Act to include in the definition of "agriculture" the maintenance and operation of ditches, canals, reservoirs, and waterways when maintained and operated for farming purposes; to Labor and Public Welfare Committee (p. 5051).
12. PUBLIC WORKS. S. 3149, by Sen. Cordon, to authorize payment to the States and their subdivisions for replacing, relocating, rebuilding, or improving public highway facilities inundated, abandoned, damaged, or destroyed by the construction or operation of certain U. S. public works; to Public Works Committee (p. 5051).

ITEMS IN APPENDIX

13. FLOOD CONTROL. Sen. Humphrey inserted a The Christian Century editorial pointing out there have been no great floods in the Tennessee Valley "because the TVA has made such catastrophes impossible" (p. A2974).
Sen. Sparkman inserted an A. F. of L. News-Reporter article, "How Long Will Flood Waste Be Tolerated?" which claims that yearly flood losses in the Missouri River Valley "will not end so long as legislation for the establishment of a MVA continues to gather dust in a Senate committee pigeonhole" (pp. A2978-9).
14. FOREIGN AID. Speech in the Senate by Sen. Wiley in favor of S. 3086, authorizing \$24,000,000 for the 1952-3 fiscal years as this country's contribution to the United Nations International Children's Emergency Fund. He also inserted an excerpt from S. Rept. No. 1490 on this matter, and a Milwaukee Journal editorial urging Congress to pass the appropriations. (p. A2976.)
Sen. Sparkman inserted a letter published in the New York Times urging passage of appropriations for the International Children's Emergency Fund (pp. A2976-7).
15. PRICE MAINTENANCE. Speech in the House by Rep. Richman favoring H. R. 5767, to extend resale price maintenance provisions of State "fair-trade" laws to retailers not signing price maintenance agreements with producers or distributors (pp. A2981-2).

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: House debated lease-purchase agreements bill. House committees reported bills to continue ACP and foreign-aid program. Rep. Abernethy spoke favoring permanent extension of ACP and introduced bill for this purpose. Rep. D'Ewart introduced and discussed bill to prevent imports of farm products at less than parity. Rep. Hunter criticized Secretary's decision on fig imports and said OFAR is influenced by State Department. Senate committee reported weather-control research bill. House committee submitted report on investigation of chemicals in foods.

HOUSE

1. AGRICULTURAL CONSERVATION PROGRAM. The Agriculture Committee reported without amendment H. R. 7689, to continue Federal administration of the Agricultural Conservation Program for two years beyond December 1952 (H. Rept. 1869)(p. 5162). Rep. Abernethy spoke in favor of making this program permanent (pp. 5157-8).
2. CHEMICALS IN FOODS. The Select (Delaney) Committee to Investigate the Use of Chemicals in Foods and Cosmetics submitted the first part of a four- or five-part report on its work. The first part deals with fertilizers and states that "the situation existing in the field of fertilizers does not reveal any need at this time for Federal legislation." (pp. 5162, D443.)
3. FOREIGN AID. The Foreign Affairs Committee reported with amendment H. R. 7005, to continue the Mutual Security Program (H. Rept. 1922)(p. 5162).
4. PATENTS. The Judiciary Committee reported without amendment H. R. 7794, to revise and codify the laws relating to patents (H. Rept. 1923)(p. 5162).
5. THIRD SUPPLEMENTAL APPROPRIATION BILL, 1952. Rep. Jensen was appointed a conferee on this bill, H. R. 6047, in lieu of Rep. Wigglesworth (p. 5123).
6. RECLAMATION. Passed as reported H. R. 5368, to authorize the Interior Department to construct, operate, and maintain certain facilities to provide water for

irrigation and domestic use from the Santa Margarita River, Calif. (pp. 5127-37).

7. LEASE-PURCHASE AGREEMENTS. Continued debate on H. R. 4323, to authorize GSA to enter into long-term lease-purchase agreements for acquisition of buildings (pp. 5138-40).
8. IMPORT CONTROL; PRICE SUPPORTS. Rep. D'Ewart spoke against importation of agricultural products for sale in the domestic market at less than parity price, discussing the situation with regard to almonds, apples, honey, and wool (pp. 5152-4).
9. FARM PROGRAM; EXPENDITURES. Rep. Fisher spoke in favor of economy in Government expenditures, commended cuts which have been made in USDA appropriations, and spoke in support of REA, farm-to-market roads, price supports, soil conservation, research, and distribution of farm bulletins and yearbooks (pp. 5154-7).
10. FIG. IMPORTS. Rep. Hunter criticized the Secretary's decision not to use the trade-agreements escape clause in connection with fig imports. He also claimed OFAR is under the influence of the State Department and stated that the salary of the Director of OFAR is paid by the State Department. (pp. 5158-61.)
11. PRICE CONTROL. Rep. Multer criticized the Caphart amendment, particularly as recently interpreted by the courts (pp. 5137-8).
12. COTTON. Rep. Gathings commended the progress of the cotton industry in recent years resulting from research, more intensive marketing, etc., and said the "mood of despair" of a few years ago has been replaced by "confidence" (pp. 5126-7).
13. CORN. Reps. Jensen, Dolliver, Martin of Iowa, and McCormack commended "Iowa tall corn bread" (p. 5124).

SENATE

14. FOOT-AND-MOUTH DISEASE RESEARCH. Sen. Wiley inserted Secretary Brannan's recent letter reporting on the status of foot-and-mouth disease research and the establishment of a research laboratory in this country for this and other livestock diseases, and a Wisconsin dairy group resolution urging Congress to appropriate funds for the construction of a laboratory (p. 5090).
15. WEATHER-CONTROL RESEARCH. The Interstate and Foreign Commerce Committee reported with amendments S. 2225, to create a committee to study and evaluate experiments in weather control (S. Rept. 1514) (p. 5090).
16. TUNA-FISH IMPORTS. The Finance Committee reported without amendment H. R. 5693, to impose duties upon tuna-fish imports (S. Rept. 1515). Permission was granted for minority views to be submitted within 10 days. (p. 5091.)
17. BUILDINGS AND GROUNDS. Passed without amendment H. R. 6863, to provide for suitable quarters at El Paso, Texas, for the Customs Bureau and other Government agencies including the Bureau of Entomology and Plant Quarantine (p. 5109). This bill will now be sent to the President.
18. FOREIGN AID. Sen. Hendrickson inserted a New York Times editorial urging Congress to consider the mutual security appropriations carefully in order that such cuts as are made will not so change the total impact as to make a massive reorganization necessary at this stage (p. 5097-8).

MUTUAL SECURITY ACT OF 1952

REPORT OF THE COMMITTEE ON FOREIGN AFFAIRS ON H. R. 7005 A BILL TO AMEND THE MUTUAL SECURITY ACT OF 1951



MAY 12, 1952

MAY 12, 1952.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

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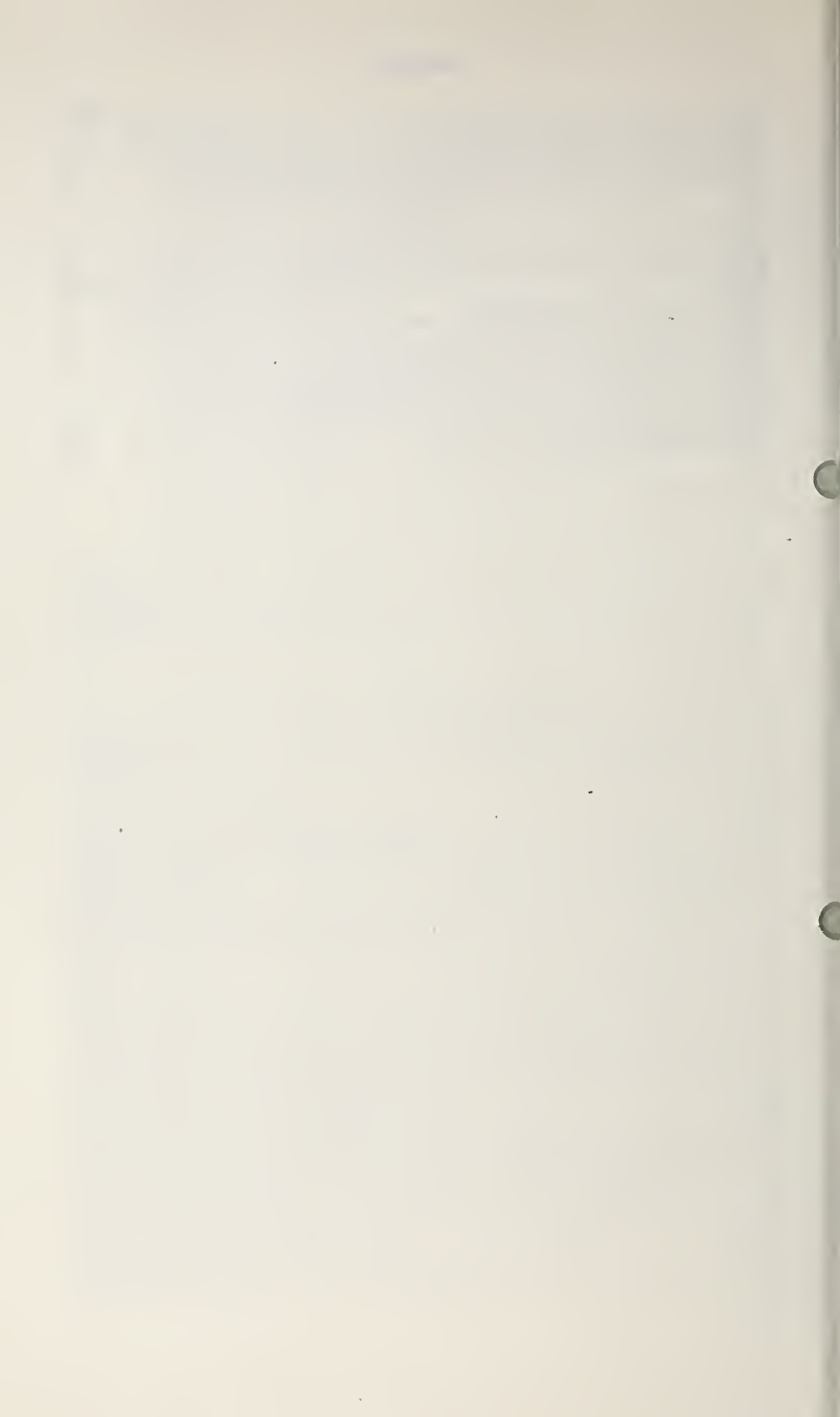
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MUTUAL SECURITY ACT OF 1952

MAY 12, 1952.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. RICHARDS, from the Committee on Foreign Affairs, submitted the following

R E P O R T

[To accompany H. R. 7005]

The Committee on Foreign Affairs, to whom was referred the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

That this Act may be cited as the "Mutual Security Act of 1952."

SEC. 2. Section 2 of the Mutual Security Act of 1951 is amended by inserting "(a)" after the section number and by adding at the end thereof a new subsection as follows:

"(b) The Congress welcomes the recent progress in political federation, military integration, and economic unification in Europe and reaffirms its belief in the necessity of further vigorous efforts toward these ends as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures for political federation, military integration, and economic unification in Europe. Appropriations made pursuant to paragraphs 101 (a) (1), relating to military assistance, and 101 (a) (2), relating to defense support and economic assistance, of this Act may be used, pursuant to the applicable terms and conditions of the Mutual Defense Assistance Act of 1949, as amended, and of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), respectively, to furnish assistance (including, in the case of amounts available pursuant to paragraph 101 (a) (2), transfers of funds) to any of the following organizations: (A) The North Atlantic Treaty Organization, (B) the European Coal and Steel Community, (C) the organization which may evolve from current international discussions concerning a European defense community."

SEC. 3. Title I of the Mutual Security Act of 1951 is amended as follows:

(a) In paragraph 101 (a) (1), insert ", for Spain," after "parties to the North Atlantic Treaty".

(b) At the end of paragraph 101 (a) (1) add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$3,316,000,000, for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) to countries eligible for assistance under this paragraph; and in addition balances of any appropriations heretofore made pursuant to this paragraph unobligated

as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(c) At the end of paragraph 101 (a) (2) add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$1,637,300,000, to carry out the purposes and provisions of this paragraph; and in addition balances of appropriations heretofore made pursuant to this paragraph unobligated as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(d) Add the following new subsection:

"(c) Not less than \$25,000,000 of the funds made available under authority of subsections (a) and (b) of this section shall be used for economic, technical, and military assistance to Spain in accordance with the provisions of this Act. Unexpended balances of appropriations made available for assistance to Spain pursuant to this section by the Act of October 31, 1951 (Public Law 249, Eighty-second Congress), are authorized to be continued available until June 30, 1953."

SEC. 4. Title II of the Mutual Security Act of 1951 is amended as follows:

(a) At the end of section 201 add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$606,370,000, to carry out the purposes and provisions of this section; and in addition balances of any appropriations heretofore made pursuant to this section unobligated as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(b) At the end of section 203, which relates to economic and technical assistance for the Near East and Africa, add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$55,000,000, to carry out the purposes and provisions of this section; and in addition balances of any appropriations heretofore made pursuant to this section unobligated as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(c) After section 205 add the following new section:

"SEC. 206. In addition to the amounts authorized by section 203, there is hereby authorized to be appropriated not to exceed \$65,000,000 for carrying out the purposes and provisions of section 204 of this Act, relating to Palestine refugees during the fiscal year 1953; and not to exceed \$76,000,000 for carrying out the purposes and provisions of section 205 of this Act, relating to refugees in Israel, during the fiscal year 1953: *Provided*, That amounts appropriated pursuant to this section which the President finds cannot be effectively expended to carry out the purposes and provisions of sections 204 and 205 may be transferred to and merged with the appropriations authorized by section 203."

SEC. 5. Title III of the Mutual Security Act of 1951 is amended as follows:

(a) At the end of section 301 add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$611,230,000, to carry out the purposes and provisions of this section; and in addition balances of any appropriations heretofore made pursuant to this section unobligated as of June 30, 1952, or subsequently released from obligation, are hereby authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(b) At the end of subsection 302 (a) add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$408,000,000, to carry out the purposes and provisions of this subsection; and in addition balances of any appropriations heretofore made pursuant to this subsection unobligated as of June 30, 1952, or subsequently released from obligation, are hereby authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(c) Add the following sentence to subsection 302 (b): "Unexpended balances of allocations heretofore made to the Secretary of State pursuant to that proviso shall be continued available until expended."

(d) In the first sentence of subsection 303 (a) after the words "to be appropriated to the President" insert the words "for the fiscal year 1953".

(e) In the second sentence of subsection 303 (a) substitute for the words "1952" the words "1953".

(f) Immediately before the last sentence of subsection 303 (a) add the following: "In addition, the United States Department of the Army is hereby authorized to make available to the United Nations Korean Reconstruction Agency, at the time when that Agency assumes full responsibility for relief and rehabilitation in Korea, goods and services of a value not to exceed \$67,500,000 which the Department of the Army then has on hand or on order for civilian relief in Korea and which the President determines should be contributed by the United States to the United Nations Korean Reconstruction Agency for use in its relief and rehabilitation operations in Korea. The value of goods and services made available pursuant to the preceding sentence shall be credited toward the contribution to be made by the United States to the United Nations Korean Reconstruction Agency."

(g) The last sentence of subsection 303 (b) is hereby repealed.

SEC. 6. Title IV of the Mutual Security Act of 1951 is amended (1) by adding at the end of the center heading "AND NON-SELF-GOVERNING TERRITORIES OF THE WESTERN HEMISPHERE", (2) by inserting after "Republics" in section 402 the words "and non-self-governing territories of the Western Hemisphere", and (3) by adding at the end of such title the following new section:

"SEC. 403. In addition to the amounts heretofore authorized and appropriated, there are hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$62,400,000 to carry out the purposes and provisions of section 401 and not to exceed \$22,000,000 to carry out the purposes and provisions of section 402. In addition, balances of the appropriation heretofore made pursuant to each such section unobligated as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the applicable appropriation authorized by this section."

SEC. 7. Title V of the Mutual Security Act of 1951 is amended as follows:

(a) Section 522 is hereby repealed.

(b) In paragraph (3) of subsection (a) of section 501, insert before the period at the end thereof the following: "and the supervision, coordination, and evaluation of all reports prepared by agencies of the United States Government in the course of their operations under this Act, in order to prevent duplication of effort and to insure a reduction of reporting requirements to the minimum essential for effective operation."

(c) In subsection (e) of section 504, (1) strike out "transferred to or employed by the Mutual Security Agency" and insert in lieu thereof "employed in the United States on programs authorized by this Act" and (2) amend the second sentence of such subsection to read as follows: "Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended";

(d) Before the period at the end of subsection (d) of section 504, add the following: "Provided further, That, ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this Act, and the military personnel assigned to such programs, shall be in the aggregate at least 10 per centum less than the number so employed or assigned on January 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of matériel: *Provided further*, That after the Director has determined the reduction to be effected in each agency, the determination as to which individual employees shall be retained shall be made by the head of the agency concerned".

(e) Amend subsection (e) of section 506 to read as follows:

"(c) Notwithstanding any other provision of law, beginning with July 1, 1952, the Secretary of Defense may furnish military assistance out of the materials of war whose production in the United States shall have been authorized for, and appropriated to, the Department of Defense: *Provided, however*, That nothing in this Act shall authorize the furnishing of military items under this subsection in excess of \$1,000,000,000 in value. For the purposes of this subsection (1)

'value' shall be determined in accordance with section 403 (c) of the Mutual Defense Assistance Act of 1949, as amended, and (2) the term 'materials of war' means those goods, commonly known as military end items, which are required for the performance of their missions by armed forces of a nation, including weapons, military vehicles, ships of war under fifteen hundred tons, aircraft, military communications equipment, ammunition, maintenance parts and spares, and military hardware."

(f) Add at the end of section 506 the following new subsection:

"(d) Of the funds made available for military assistance under the amendments made by sections 3 (b), 4 (a), 5 (a), and 6 of the Mutual Security Act of 1952, not less than \$1,000,000,000 shall be expended for procurement of military end items from sources outside the United States."

(g) Section 511 is amended by adding the following new subsection:

"(c) In addition to the provisions of subsections (a) and (b) of this section, the Director, for the purpose of utilizing most effectively the resources of the United States made available by this Act to stimulate and accelerate positive accomplishments toward mutual security, shall take whatever steps he may find suitable or appropriate to assure effective use by recipient countries of their resources, including fiscal and budgetary, for mutual security. In granting assistance under this Act, the Director shall take into account the progress made by such countries in the use of such resources for mutual security."

(h) In section 513, amend the heading to read "SPECIAL USE OF FUNDS", insert "(a)" after "SEC. 513.", and add at the end of such section the following new subsection:

"(b) Not more than \$100,000,000 of the funds made available under the Mutual Security Act of 1952, of which not more than \$20,000,000 may be allocated to any one country, may be supplied without regard to any conditions as to eligibility contained in this Act, or any other Act for which funds are authorized by this Act, when the President determines that supplying such funds is in the interest of the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination."

(i) Amend section 514 to read as follows:

"STRATEGIC MATERIALS

"SEC. 514. In order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world, the Director for Mutual Security is authorized to initiate projects for, and assist in procuring and stimulating increased production of, materials in which deficiencies or potential deficiencies in supply exist among nations receiving United States assistance."

(j) Amend section 516 by inserting "(a)" after "SEC. 516." and by adding at the end of such section the following new subsection:

"(b) To accomplish the purpose of clause (1) of subsection (a) of this section, under the coordination of the Director for Mutual Security—

"(1) The Mutual Security Agency, cooperating with private business groups and governmental agencies to the fullest extent possible, shall encourage a greater participation by private capital in the guaranty program and shall develop broad criteria to facilitate such participation, including programs consistent with the purposes of the Act for International Development. The Agency shall also, in cooperation with such groups and agencies (including the International Bank for Reconstruction and Development), conduct a thorough study of the legal and other impediments, foreign and local, to private investment abroad, and the methods and means whereby those impediments can be removed or decreased and shall make recommendations thereon to the Director for Mutual Security.

"(2) The Department of State, in cooperation with other agencies of the Government concerned with private investment abroad, and taking into account the study and recommendations described in paragraph (1) of this subsection, shall accelerate a program of negotiating commercial and tax treaties, or other arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to countries participating in programs under this Act.

"(3) The Technical Cooperation Administration, taking into account the study and recommendations described in paragraph (1) of this subsection, shall encourage and facilitate a greater participation by private industrial

groups or agencies in private contracts awarded by the Administration, and shall, in cooperation with the Department of Commerce and the Mutual Security Agency, find and draw the attention of private enterprise to opportunities for investment and development in underdeveloped areas.

"(c) The reports required by section 518 of this Act shall include detailed information on the implementation of this section."

(k) Section 519 (a) is amended by adding immediately after the phrase "may be advanced" the words "out of funds made available for assistance under the Economic Cooperation Act".

(l) Add the following new sections:

"EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

"SEC. 532. The provisions of section 119 of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1517), shall apply to the performance of functions authorized by this Act.

"EMPLOYMENT OF RETIRED OFFICERS OF ARMED FORCES

"SEC. 533. Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act, and receive compensation in accordance with the provisions of the Act of June 30, 1932 (5 U. S. C. 59a).

"MOVEMENT OF MIGRANTS

"SEC. 534. In order to encourage further the movement of migrants from European countries having surplus population, there is hereby authorized to be appropriated to the President \$10,000,000 for use in making contributions for the calendar year 1953 to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe established at Brussels, Belgium, on December 5, 1951: *Provided*, That no part of the funds authorized to be appropriated under this section may be used to pay the salary (or expenses) of the Director General of the said Committee, if such Director General was at any time employed by the United Nations Relief and Rehabilitation Agency or the International Refugee Organization.

"INTERNATIONAL FINANCE CORPORATION

"SEC. 535. In order to increase the participation of private enterprise and investment in developing the resources of the areas in which assistance is authorized by this Act and to mobilize local capital for such development and investment, such amount as may be required, but not to exceed \$100,000,000 of the funds made available for assistance to further military production, economic and technical assistance under the provisions of this Act may be utilized for the purpose of subscribing to the capital of the International Finance Corporation, an affiliate of the International Bank for Reconstruction and Development.

"OCEAN FREIGHT CHARGES ON RELIEF PACKAGES

"SEC. 536. The authority to pay ocean freight charges on shipments of relief supplies and packages under subsection 117 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1515 (c)), shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate: *Provided*, That, not to exceed \$2,800,000 are authorized to be appropriated to the President for the fiscal year 1953 for use in paying ocean freight charges under subsection 117 (c) of the Economic Cooperation Act of 1948, as amended.

"INVESTMENT AND INFORMATIONAL MEDIA GUARANTIES

"SEC. 537. The authority to make investment and informational media guaranties under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, shall be fully continued and may be exercised after June 30, 1952, notwithstanding any provision of this Act, by any department or agency of the Government that the President may designate."

SEC. 8. The Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), is further amended as follows:

(a) Change the period at the end of the proviso in the first sentence of section 403 (d) to a comma and insert thereafter the words "and after June 30, 1952, by an additional \$200,000,000."

(b) Change section 408 (e) to read as follows:

"(c) (1) The President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, materials, or services to: (A) nations eligible for assistance under title I, II, III, or IV of the Mutual Security Act of 1951, or (B) a nation which has joined with the United States in a collective defense and regional arrangement, or (C) any international military organization or headquarters when, in the opinion of the President, such assistance will further the purposes of this Act, or (D) any other nation not eligible to join a collective defense and regional arrangement referred to in clause (B) above, but whose ability to defend itself or to participate in the defense of the area of which it is a part, is important to the security of the United States: *Provided*, That, prior to the transfer of any equipment, materials, or services to a nation under this clause (D), it shall provide the United States with assurance that such equipment, materials, or services are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state: *Provided further*, That in the case of any such transfer, the President shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

"(2) Whenever equipment or material is transferred from the stocks of, or services are rendered by, any agency, to any nation or international organization as provided in paragraph (1) above, such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter. The fair value for the purpose of this paragraph shall not be less for the various categories of equipment or materials than the value as defined in subsection (c) of section 403: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than the value specified in paragraph (1) of that subsection plus (a) 10 per centum of the original gross cost of such equipment or materials; (b) the scrap value; or (c) the market value, if ascertainable, whichever is the greater. Before a contract is entered into, or rehabilitation work is undertaken, such nation shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided*, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid the United States by such nations, shall at no time exceed \$700,000,000."

SEC. 9. (a) The second proviso in section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, is amended (1) by inserting "from" after "That" and (2) by striking out after "(Public Law 389, Eightieth Congress)" the words "shall be used" and inserting in lieu thereof the following: "there shall be allocated to the use of the United States Government whatever sums are necessary to meet United States expenditures for materials required by the United States as a result of deficiencies or potential deficiencies in its own resources: *Provided further*, That any deposit balance remaining in such account shall be used".

(b) Section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, is further amended by adding at the end thereof the following: "The Administrator shall exercise the power granted to him by this paragraph to make agreements with respect to the use of funds deposited in the special accounts of 'participating countries' (as defined in section 103 (a) hereof) and any other countries receiving assistance under the Mutual Security Act of 1951, as amended, in such a manner that the equivalent of not less than \$100,000,000 in such funds shall be used exclusively in programs furthering the objectives of section 516 of the Mutual Security Act of 1951. The amount to be devoted from each such special account for such use shall be agreed upon by the Administrator and the country or countries

concerned: *Provided further*, That whenever funds from such special account are used by a country to make loans all funds received in repayment of such loans shall be redeposited in such special account."

SEC. 10. The Act for International Development is amended as follows:

(a) Add the following proviso before the period at the end of subsection 404 (b) as amended: "*Provided further*, That for the fiscal year 1953 not to exceed \$17,000,000 is authorized to be appropriated to the President for use in making contributions under this subsection".

(b) Change subsection 413 (a) to read as follows:

"(a) The President shall appoint, by and with the advice and consent of the Senate, an Administrator for Technical Cooperation, who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$16,000 per annum. The President may also appoint, by and with the advice and consent of the Senate, a Deputy Administrator for Technical Cooperation who shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Technical Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator. The Deputy Administrator shall receive compensation at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum."

SEC. 11. There is hereby authorized to be appropriated to the President not to exceed \$12,000,000 to enable him to make contributions to the United Nations International Children's Emergency Fund, this authority to become immediately available and to extend through December 31, 1953: *Provided*, That the contributions shall be made in such a manner as to give assurance that they will not exceed 33½ per centum of contributions from all governments, including contributions made by governments for the benefit of persons located within territories under their control: *Provided further*, That none of the funds authorized shall be used in duplication of the activities of other agencies of the United Nations.

I. COMMITTEE ACTION

On March 6, 1952, the President transmitted a message to the Congress, recommending the extension of the Mutual Security Program for the fiscal year ending June 30, 1953 (H. Doc. 382, 82d Cong.). Pursuant to this message, H. R. 7005 was introduced, by request, on March 11, 1952.

Beginning March 13, the committee held hearings over a 7-week period (less the Easter recess). The committee heard testimony from 43 witnesses during 37 open and executive session hearings. Following the hearings, the committee in executive session adopted 26 major amendments reflecting the considered judgment of the committee after careful study of the facts presented.

Because of the extensive changes in the text made by the committee, the various committee amendments (which are summarized in the appendix of this report) have been consolidated for the convenience of the House by striking out all after the enacting clause and submitting the rewritten bill in the form of a single committee amendment. The following sections of the report explain the basis for the action taken by the committee.

II. DANGER OF SOVIET ATTACK

The justification for continuing substantial United States expenditures for foreign assistance is the maintenance of the security of the United States. In determining how much to spend and the way such expenditures should be made, an appraisal of the current danger from Soviet aggression is essential.

A careful consideration of the evidence, as to Soviet strength and the distribution of Soviet forces, presented by General Bradley, Chairman, Joint Chiefs of Staff; General Gruenther, Chief of Staff, SHAPE; and others—many of the details being submitted in executive session—leads to the conclusion that there has been no lessening of the danger of Soviet aggression which would justify any modification or relaxation of the United States defense effort.

General Gruenther summarized Soviet military strength as follows:

* * * The Soviets now have in being armed forces of approximately 4 million men. That number has not changed significantly in the last few years. It has remained about static. There are roughly 175 divisions, of which about 60 are armored and mechanized, and the rest are infantry divisions. Nor has that number changed significantly in the last few years. It, too, has remained practically static.

What the Soviets have been doing though, is to modernize those divisions and make them more effective. Thus, they have been concentrating in the last 2 years on bringing their infantry divisions up to their full equipment and training. They have also increased the amount of trucks to provide greater mobility.

They have been remodeling cavalry divisions, for example, into armored divisions. They have been perfecting these armored and mechanized divisions so that they have now the finest, the most effective army in the world today.

I do not say that division for division every division is better, but I say the 175-division force of the Soviets is a very potent force, if the 12 men in the Kremlin should ever decide to use it.

The Soviets have some 20,000 operational aircraft in the Soviet Air Force. In particular they have been and are now making good progress in the field of jet planes. The MIG-15 and its exploits are well known to all of you, so I shall not take your time to go into all the details, other than to state it is an extremely fine airplane.

There are some who think it is the finest jet in the world today. Whether that is true or not is academic. In any case, the MIG-15 is a very good plane. It has given a good account of itself in battle. The Soviets are making a good many of them.

Of the 20,000 operational aircraft, I should say that in the neighborhood of 4,000 are jet planes. The rest are conventional-type planes. The long-range plane, which is called the Tupolev—that is the Soviet name for it—is about the same as our B-29. In fact, it is a copy of our B-29 that the Soviets captured toward the end of the war. They captured four B-29's that had to make forced landings, and they have never returned them.

The Tupolev is the mainstay of their strategic bombing force. As you know, the B-29 in the American force is obsolescent. They are still being used in Korea, but, generally speaking, they are phasing out.

What we say about the Soviet air force is that it is an effective air force largely because of its numbers. It has quality, but its pilots are probably not as well trained as ours. But anything that they lack in quality they make up in quantity, and if a conflict should take place, the Soviet air force would be a very, very potent force against us.

On the naval side, most of the Soviet effort has been going into submarines and mines, a field in which they are becoming more and more accomplished. There are now approximately 300 submarines in the Soviet Navy.

You can get an idea of the importance of this figure when you realize that when the Germans started the last war they had something less than 60 submarines. You will recall the great amount of trouble that those 60 submarines gave. It would be an error, however, to feel that because the Soviets have five times that number that they have five times an effective force. They are not that good as mariners, or as submariners, yet. They know they are not that good. They are working very hard to improve their techniques.

The best judgment of United States military leaders and diplomats is that the Soviets have not set a date for an attack on the west and that it is quite likely that the Kremlin has not yet reached a decision that an all-out war with the free world is inevitable. Nevertheless, large Soviet forces, fully mobilized, are ready in Eastern Ger-

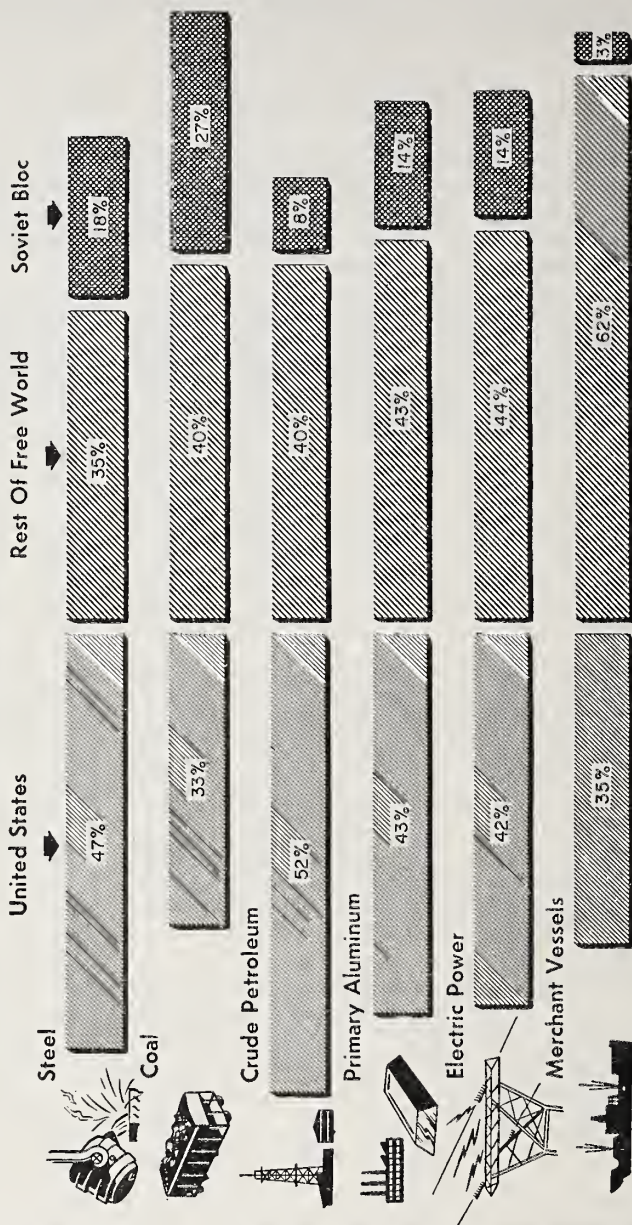
many and at other strategic locations to attack at a moment's notice. If an order to attack comes, it will depend entirely on whether or not the Kremlin believes such an attack will be to its advantage. The continuous build-up of the military strength of the free nations is the best deterrent to such an attack.

A. DESIRABILITY OF MAKING DEFENSE LINE AS CLOSE TO SOVIET BORDERS AS POSSIBLE

To meet a Soviet attack as close to Soviet borders as possible is just as desirable today as it was a year ago when the Mutual Security Program was begun. In order to use the atomic bomb most effectively in our defense, it is essential that we have bases at strategic locations far from our own shores.

It is important also to the security of the United States that the mines, factories, and skills of Europe, as well as the resources of other nations of the free world, be kept out of Soviet hands. The extent to which losing these resources to Soviet control would endanger the United States ability to meet Soviet aggression in the future is indicated by the following chart:

The Free Nations Must Pull Together To Keep Their Superiority In Resources



The United States is more dependent on imported materials than at any time in our history. This is due in part to modern technological advances, in part to the demands of modern defensive weapons, and in part to the exhaustion of our own mineral resources. The United States is dependent on imports from foreign countries of the following commodities as indicated by percentages:

	<i>Percent</i>		<i>Percent</i>
Natural rubber.....	100	Cobalt.....	93
Tin.....	100	Manganese.....	93
Chromite.....	100	Mercury.....	92
Graphite.....	100	Lead.....	55
Industrial diamonds.....	100	Copper.....	42
Sisal.....	100	Zinc.....	40
Nickel.....	99		

For each M-47 tank the following strategic raw materials are required:

Pounds of chromium of which 100 percent is imported.....	1, 915
Pounds of manganese of which 93 percent is imported.....	950
Pounds of nickel of which 99 percent is imported.....	520
Pounds of tin of which 100 percent is imported.....	100
Pounds of bauxite (the ore of aluminum) of which 65 percent is imported..	6, 512
Pounds of copper of which 42 percent is imported.....	1, 418

All of these considerations indicate that the United States should revise its defense strategy by withdrawing behind our oceanic barriers only as a last resort and only after defense nearer to the Soviet borders has been proved impossible.

III. PROGRESS TO DATE

A. THE ORGANIZATION

1. *At home*

The Mutual Security Act became law on October 10, 1951. For the first time the component parts of United States foreign aid were brought under the unified direction and supervision of a single person in the Executive Office of the President—the Director for Mutual Security. Under section 502 (b) (1) the Director also became head of the Mutual Security Agency, the successor agency to ECA.

The Director for Mutual Security is responsible for the administration of the following laws:

1. Public Law 165, Eighty-second Congress—the Mutual Security Act of 1951.
2. Public Law 472, Eightieth Congress—the Economic Cooperation Act of 1948.
3. Public Law 329, Eighty-first Congress—the Mutual Defense Assistance Act of 1949.
4. Public Law 213, Eighty-second Congress—the Mutual Defense Assistance Control Act of 1951 (Battle Act).
5. Public Law 535, Eighty-first Congress—the Act for International Development.
6. Public Law 249, Eighty-second Congress—the Mutual Security Appropriation Act, 1952.

By Executive order 10300 the President delegated to the Director certain functions that these several laws conferred upon the President. In the case of appropriations made to the President to carry out these laws the order provides that these "shall be deemed to be allocated

to the Director for Mutual Security without any further action by the President." The appropriations may be allocated "by the Director for Mutual Security to any agency, department, establishment, or wholly owned corporation of the Government for obligation or expenditure." Among the powers the President reserved to himself were the appointment of officers requiring Senate confirmation, the transmittal of reports to the Congress, the termination or withdrawal of assistance, determinations of eligibility for assistance, and functions dealing with the transfer of funds.

To provide for an exchange of views and for advice the Director has set up a Mutual Assistance Advisory Committee (MAAC) comprising representatives of State, Defense, Treasury, Defense Mobilization, and MSA, and presided over by the Director or his deputy. An observer from the Bureau of the Budget attends most meetings. This is not a policy-making committee. Its function is entirely advisory in character. Decisions are made by the Chairman in the Director's name or are referred to him for decision. This arrangement permits the interchange of views among interested departments and agencies without any derogation of responsibility.

Last year the committee recognized that military assistance constituted the major portion of United States aid abroad. This was a field that required competence in military matters. The committee recommended, and the Congress adopted, a provision entrusting primary responsibility for military matters to the Secretary of Defense. The essential features of his primary responsibility are enumerated as follows:

- (a) The determination of military end-item requirements.
- (b) The procurement of military equipment in a manner which permits its integration with service programs.
- (c) Establishment of priorities in procurement and deliveries, and allocation of military equipment between recipient countries.
- (d) The supervision of end-item use by the recipient countries.
- (e) The supervision of the training of foreign military personnel.
- (f) The movement and delivery of military end items.

The Director for Mutual Security was also made head of the Mutual Security Agency. Because of the multiple responsibilities conferred upon him provision was made for a Deputy Director. He is charged with carrying out those functions of the Economic Cooperation Administration which were transferred to the Mutual Security Agency, subject to the supervision and general direction which the Director exercises over the entire program.

2. Abroad

The Mutual Security Act provided for a special representative and a deputy special representative in Europe to carry out the functions of the Mutual Security Agency and the duties given to the Director. Last year the committee expressed its dissatisfaction with the geographical division and consequent duplication of staff and less efficient operations resulting from the establishment of NATO headquarters in London and the ECA organization in Paris. The committee observed "that it is desirable to have, insofar as possible, a single United States staff in Europe, operating under a single individual in a central location." The decision of NATO at the Lisbon meeting to move the headquarters to Paris and to replace the Council

Deputies with a permanent council has contributed to the unification that the Congress desired. This move has made it possible to confer upon the special representative in Europe a broad set of functions and responsibilities. These may be summarized as follows:

- (1) He represents the United States Government as a whole.
- (2) He is responsible to and reports to the President.
- (3) He exercises general supervision over the European activities of the Mutual Security Agency.
- (4) He acts for the Director for Mutual Security in providing on a regional basis coordination, continuous supervision, and general direction of the military and economic assistance programs in Europe.
- (5) He is the United States permanent representative to the North Atlantic Council.
- (6) He is the senior United States civilian representative in Europe responsible for North Atlantic Treaty matters.
- (7) He acts in Europe for the Secretary of Defense in relation to North Atlantic Treaty and Mutual Security Program matters.

The special representative is assisted by a political adviser and an economic and military adviser.

The organization for mutual security, at home and abroad, is the creature of the committee and of the Congress. During the hearings the committee took the opportunity to ascertain from the witnesses their views on the organizational structure. No evidence was presented to challenge the soundness of the principles embodied in the Mutual Security Act.

B. EUROPE

1. *Unification of Europe*

The Congress has gone on record as favoring the unification of Europe and has indicated its belief that only by unification will Europe ultimately be able to defend and support itself. The progress made by the countries of Europe toward unification is regarded by the committee as a significant index of the success being attained by the defense program to which the United States is contributing.

(a) *Council of Europe*.—The continued expansion and increasing vigor of the Council of Europe is evidence of the unabated interest of the people of Europe in unification. The Council had its beginnings in August 1948 and was officially organized in May 1949. Its function has been and still remains that of providing a forum and making recommendations rather than that of a government. Nevertheless, its prestige and influence are increasing apparently because the people of Europe regard it as a symbol of unification in which they believe.

(b) *Schuman plan*.—The Schuman plan for joining together of the coal and steel industries of France, Germany, Belgium, Luxemburg, the Netherlands, and Italy, was signed in April 1951 and is now in process of ratification. The concept of the plan is the creation of a single market in coal and steel that will permit the free play of competitive forces. It involves an unprecedented giving up of sovereignty by free nations to a supranational authority. It is perhaps the most concrete step yet taken in integrating the economy of Western Germany with those of its Western European neighbors; it is regarded by the six participating countries as the nucleus of their future federation. The plan has been ratified by everyone except Belgium, Luxemburg, and one house of the Italian Parliament. There is no doubt of its final

approval since the major steel-producing countries are in. The fact that the parliaments of France and of Germany have ratified the Schuman plan during the past winter can be regarded as of special significance as an indication of the subordination of national prestige and rivalry to demands of the present.

Experience with the Schuman plan also indicates the time required to overcome the organizational and political obstacles encountered in bringing about the unification of Europe. More than a year since its signature the Schuman plan has not yet been ratified and put into effect although all the participating governments are supposed to be in agreement as to its desirability. France, which originated and promoted the plan did not complete ratification of it until April 2, 1952 (the French lower house ratified the plan last December). Luxemburg is in process of ratification, but it is not expected that the Schuman plan can become effective until Italy ratifies it after the Italian local elections late in May. The time necessary to get the measures required to implement a program of unification through national parliaments must be taken into account in scheduling United States assistance.

(c) *Inclusion of Greece and Turkey in NATO.*—The European nations have given further evidence during the past year of their determination to combine and organize as large a defense force as possible by their willingness to accept Greece and Turkey as members of the North Atlantic Treaty Organization. The complete integration of these nations into NATO strategy and planning has not yet been accomplished.

(d) *European Defense Community.*—Perhaps the most encouraging development of the last year has been the acceptance in principle by six European countries (France, Germany, Italy, Belgium, Luxemburg, and the Netherlands) of a European defense force within the political framework of a European Defense Community. By this arrangement these countries will cease to have national armies, but instead will supply troops (in units approaching the army division in size) to a combined and integrated defense force under international command (now General Eisenhower and soon to be General Ridgway). This six-nation army is to be financed from a common budget and supplied through a common procurement organization. The parliaments of both Germany and France have voted in favor of the concept of the European Defense Community and the other members agreed to the concept and to a procedure for integrating it with NATO at the Lisbon meeting last February. These agreements are now being drafted in treaty form.

The European Defense Community is to be controlled by a commission which would be a sort of international department of defense. It would report to a European council, made up of ministers of the member countries and to a European assembly with parliamentary functions and representing parliaments. There would also be a European court to interpret or adjudicate the treaty establishing the army. The contemplated structure is similar and could conceivably be the same as that provided by the Schuman plan, thus forming the basis for a European political federation.

(e) *The Lisbon meeting of the North Atlantic Treaty Council.*—Tangible evidence of the willingness of European countries to join in a concrete defense plan was given at Lisbon at the meeting of the North Atlantic Council last February. At that time it was agreed that the

NATO countries other than Greece and Turkey would provide, by the end of 1952, 50 divisions of which something over half would be in a state of combat readiness and the rest in rapidly mobilizable reserve units. Four thousand combat aircraft with the necessary airfields, supporting installations, and communication systems were also agreed to, as well as 704 major combat type naval vessels and 925 smaller combat type naval vessels.

In addition to the agreement as to the forces to be provided, a plan for financing the NATO program was also accepted at Lisbon. The European countries (including Germany, but excluding Greece and Turkey) agreed to spend the equivalent of \$13.9 billion for defense during fiscal 1953.

These programs for forces to be provided and for defense financing were worked out by the Temporary Committee of the North Atlantic Treaty Council under the chairmanship of Hon. W. Averell Harriman. Each country submitted to this international committee its full defense plans and its budget for critical analysis. Several countries revised upward their defense programs on the basis of the Temporary Committee's recommendations. Action of this kind is without precedent.

In addition agreements were reached on the following points at Lisbon:

1. The NATO headquarters would be moved from London to Paris where General Eisenhower's headquarters and the Mutual Security Agency European headquarters are located.

2. A permanent council to be continually in session replaces the old Council Deputies. The United States member is Mr. W. H. Draper, Jr., who is made head of all MSA operations in Europe, and chief United States representative to NATO.

3. General Eisenhower's responsibilities were increased to give him power to recommend disposition of troops and the priority of their military assignment.

4. The program and the financing of the bases, communication lines, port facilities (infrastructure) were agreed upon.

5. The major issues essential to the reestablishment of German sovereignty were resolved.

6. The concept of an integrated European army was agreed upon and a definite goal of 50 NATO combat ready and reserve divisions in 1952 was set.

7. An arrangement for the guaranty of Germany's security by the NATO members without admitting Germany to NATO was worked out.

It has been agreed that West Germany is to get its new independent status—becoming an ally and not an occupied country—after an agreement between the Federal Republic of Germany and the three occupying powers has been reached and after the European Defense Community, with Germany as a member, is established. Germany must ratify both the "contractual arrangement" as to its future status and the treaty for the EDC. It is impossible for one to go into effect without the other.

The contractual arrangement has not yet been agreed by the German Government. Negotiations have been going on for several months and reports of progress are continually being made. An agreed document is not yet ready for signing which then must be submitted to the legislative bodies of Germany, France, the United Kingdom, and the United States for ratification.

After the governments of the EDC countries agree on that treaty, the NATO countries agree on the guaranty of security to Germany, and the occupying powers agree with Germany on the contractual arrangement, all these documents require parliamentary ratification. European governments always represent a majority of the legislative branch so that ratification of a treaty is not as serious a problem there as it is in the United States. Nevertheless, these treaties involve important surrenders by the European countries of national sovereignty and the very emotional question of German rearmament. Appeals by opposition parties to popular prejudice on these matters are easy and it is not always certain that treaties agreed to will be ratified.

France made its approval of the EDC "idea"—the ratification of a treaty was not involved at this point—conditional on a requirement that no German forces should be called up until all the EDC countries had ratified the treaty. As a consequence a considerable interval may elapse before German troops can be called up.

The Schuman plan (for uniting the steel and coal production of six European nations) has been ratified as yet only by the Netherlands, France, and Germany. Belgium, Luxemburg, and Italy still must act. Since Germany and France, the two major producing countries, have ratified, there seems to be little question but that the rest will follow. The delay in ratification of the Schuman plan, which was signed in April 1951, may be an indication of the time necessary to bring these other treaties into effect.

Getting the EDC under way once the treaty has been ratified might be less time consuming than the magnitude of the operation would indicate. The EDC will use the same assembly and the same court as the Schuman plan which presumably will be in effect by the time the EDC treaty is ratified. Furthermore, the constitutional processes in each country have been taken into account in providing for the representation of the member nations in the EDC so that it should not be necessary to hold an election in any country to designate its EDC representatives.

In Germany the Parliament has approved in principle German participation in the EDC so that it is possible for the Government to go ahead with defense planning. Nevertheless, the actual setting up of a military procurement organization, the negotiation of contracts or even the installation of arms-making equipment in factories cannot begin until the contractual arrangement and the EDC treaty are ratified.

Nevertheless, creating an EDC organization which can command, equip, and finance international armed forces will be a difficult and time-consuming task. The problems of conflicting national interest to be overcome and the legal obstacles to be surmounted or removed will add additional complications to the job of getting an international organization staffed by people of different nationalities so that it will function.

2. Financing of defense by European nations

Since mid-1950, the European NATO countries as a group have doubled the size of their defense expenditures, from about \$4.5 billion in fiscal year 1950 to over \$9 billion in the current fiscal year. The rate of military expenditure and of expansion and improvement of forces has been steadily rising, and expenditures will be stepped up

still further during the coming year. In fiscal year 1953, with German forces in formation and the efforts of the NATO members further increased, the total expenditures (including \$2.7 billion for Germany) should be about \$14 billion, to which Greek and Turkish military expenditure of nearly half a billion dollars will be additional.

The total funds required from all countries in fiscal year 1953 to meet the Western European portion of the agreed NATO defense build-up are estimated at \$17.7 billion. This sum covers the maintenance, training, and equipping of European troops, necessary military construction, and the contracting for production of military equipment (including the starting of production on certain long-lead items that will become available the next year or after). It does not include the costs of maintaining United States and Canadian forces stationed in Europe, which are covered by the national defense budgets of the United States and Canada.

In terms of dollar equivalents, this total cost breaks down approximately as follows for the principal categories:

Purpose:	<i>Amount (billions of dollars or equiv- alent)</i>
Military personnel.....	\$3. 6
Military and related construction.....	1. 2
Other operating expenditures.....	3. 3
Other defense expenditures.....	2. 2
Major matériel ¹	7. 4
Total.....	² 17. 7

¹ The figure for this item represents the sum of required appropriations (in Europe generally on an expenditure basis, and in the United States on the basis of obligational authority).

² Includes Germany; excludes Greece and Turkey.

It should be noted that the above figures include the non-NATO defense expenditures of the Western European countries, for example, French expenditures for the war in Indochina, British expenditures for troops and naval units in many parts of the world including those fighting in Malaya. As indicated above, these figures do not include Greece and Turkey.

The European NATO countries will provide the vast bulk of the armed forces in Europe under the Lisbon plan of action. A large portion of the major matériel must be supplied from North America; in addition, a measure of defense support in the form of raw materials and equipment from the United States is essential to make possible the full European military contribution. The plan of action calls for meeting the cost of the European forces in the following manner during the fiscal year 1953:

	<i>Pillion</i>
European countries' own expenditure (made possible by \$1.4 billion of defense support).....	\$13. 9
Funds for United States provision of end items.....	¹ 3. 8

¹ Includes approximately \$0.2 billion for training.

NOTE.—The United States figure does not include the support of United States troops.

These figures are not wholly comparable. The United States end-item figure represents the funds required for obligation during the fiscal year, and is substantially less than the scheduled delivery of equipment during the same fiscal year. On the other hand, a major part of the European share represents pay and operating costs. Because European rates of troop pay are low, in some cases only a few

cents a day, this amount does not represent the real economic value of the manpower thus withdrawn from productive employment. Similarly, European costs for feeding and clothing troops and providing barracks and other facilities are substantially less than American costs. Hence, the European expenditures understate the real costs and burdens of defense borne by the Europeans.

In terms of total resources devoted to defense, the European NATO countries will be spending between 9 and 10 percent of their gross national product during the fiscal year 1953. The comparable figure for total security expenditures of the United States will be about double that percentage during the same period.

The following table shows the amount and the relative burden of defense expenditures in countries of Europe:

Western Europe defense expenditures—Total and percent of gross national product

[Millions of dollars]

Country	1938 ¹ defense expenditure as a percent of GNP	United States fiscal year 1949-50 (current prices)		United States fiscal year 1950-51 (current prices)		United States fiscal year 1951-52 (current prices)		United States fiscal year 1952-53 (1951-52 prices)	
		Defense expenditures	Percent of GNP	Defense expenditures	Percent of GNP	Defense expenditures	Percent of GNP	Defense expenditures	Percent of GNP
NATO countries:									
Belgium-Luxemburg	2.5	167	2.6	200	2.9	435	5.6	713	9.0
Denmark	.9	45	1.5	56	1.6	123	3.2	152	3.9
France	7.3	1,594	6.5	2,325	7.8	3,460	9.8	3,890	10.7
Greece	5.5	115	7.1	179	9.8	188	8.8	188	8.6
Iceland									
Italy	6.0	475	3.5	641	4.2	847	5.0	1,075	6.1
Netherlands	2.3	210	4.2	228	4.2	395	6.6	474	7.7
Norway	.9	49	2.4	67	2.8	115	3.9	150	5.0
Portugal	2.7	47	2.0	50	2.1	58	2.3	66	2.6
Turkey	6.9	175	6.1	221	6.5	253	6.8	292	7.6
United Kingdom	6.5	2,105	5.7	2,665	6.7	3,660	8.4	4,750	10.8
Total NATO	5.8	4,982	5.1	6,632	6.0	9,534	7.7	11,750	9.2
Germany (Federal Republic)	¹ 15.8	² 1,036	5.1	² 1,190	4.9	² 1,952	6.7	2,679	8.5
Total NATO plus Germany	9.3	6,018	5.1	7,822	5.8	11,486	7.5	14,429	9.1
Austria	³ 2.2	² 28	1.5	² 19	.9	² 21	.7	² 23	.7
Total 14 European countries ⁴	9.1	6,046	5.0	7,841	5.7	11,507	7.3	14,452	8.9
Spain		288		302					
Yugoslavia									
Canada	.7	451	2.9	933	5.3	⁵ 1,619	7.6		
United States	1.2	12,800	5.1	21,974	7.1	45,562	13.7	⁶ 62,301	17.8

¹ All Germany for 1936.

² Represents occupation costs.

³ 1937.

⁴ Plus Trieste (included with Italy).

⁵ Fiscal year ending Mar. 31, 1952.

⁶ Preliminary.

Aside from the pay and maintenance factor referred to above, which tends to understate the value of European resources—especially manpower—diverted to defense, any judgment on the size of the European effort must give major consideration to the per capita income level in Europe. The average per capita gross national product among the European NATO countries is about one-third what it is in the United States, with, of course, substantial variations from country to country. The level of tax receipts in several of

the countries, also shown in the following table, indicates that, while the incidence of taxation creates difficult problems in some countries, the total amounts of taxes collected from the people compares favorably with the United States in most cases.

Country	Tax receipts as percent of gross national product, 1951 or 1951-52 ¹	Per capita gross national product as percent of United States, 1951-52	Country	Tax receipts as percent of gross national product, 1951 or 1951-52 ¹	Per capita gross national product as percent of United States, 1951-52
Austria.....	31.0	21	Italy.....	² 20.7	17
Belgium.....	23.0	40	Netherlands.....	28.3	27
Canada.....	23.9	68	Norway.....	25.1	41
Denmark.....	18.6	42	Portugal.....	10.3	14
France.....	30.7	38	Turkey.....	² 16.4	8
Germany (Federal Republic).....	30.3	28	United Kingdom.....	33.7	40
Greece.....	² 16.7	13	United States.....	25.8	100

¹ Taxes collected at all levels of government.

² 1950 or 1950-51, later figures not available.

These are the factors that affect the size and composition of the United States contribution to the NATO defense effort of Europe. If the job is to be done and done on time, the full contribution of the United States is essential. The United States effort, combined with the European effort, will yield a balanced joint result of impressive size. Only through this combination of European and American efforts can there be achieved promptly a build-up of defensive strength in Europe providing a genuine deterrent to aggression.

3. *Determination of Europeans to resist aggression*

One of the most difficult issues confronting the committee is the question of whether or not the people of Europe can be counted on to fight if a Soviet attack comes. Two years ago there was a widespread feeling in Europe that it was better to be occupied than to be bombed and that it was not worth while trying to resist a Soviet attack.

The situation in this respect, however, appears to be growing better. In the judgment of qualified observers the spirit of the people of Europe has substantially improved. A feeling has developed that resistance to the Russians is no longer hopeless. A significant statement was made by General Gruenther when questioned on this point:

MR. SMITH. The thought behind our foreign-aid program has always been that it is in the interest of our own national security. I am wondering if we have by virtue of that concept led the European countries into believing that whatever we are doing is solely in our interest and not in their own?

GENERAL GRUENTHER. I think we have made great progress in convincing them that our effort is part of the whole idea of mutual security.

A year ago if you had asked me that question, I would have said, "Well, I am a little bit worried about that," because there was a very definite feeling at that time, such as "this is a United States program. This is for United States defense." There is an increasing understanding about it; I do not mean to say that there are not opposition voices. There is an increasing understanding that it is a mutual effort, "It is our defense program," they say, "rather than theirs," meaning the United States.

I think that has been encouraging. A year ago I would have been rather discouraged to answer that question.

General Gruenther also made the following statement on the morale of the European fighting forces:

As to whether or not the European countries of NATO will fight—a problem which bothers many people—there is no question in our minds. We have had some very skeptical staff officers at our own staff who have come in with serious reservations, and as they have gone about and inspected the troops, there is no longer any question in their minds of the willingness to fight.

The conclusion of the committee on this issue is that while no one can say with certainty that the people of Europe will fight effectively if the Soviet attacks, the determination to do so seems to grow rapidly as the ability to resist aggression develops. It is clearly to the advantage of the United States to foster this spirit and to meet a Soviet attack in Europe rather than to see Europe pass to Russia by default. Certainly nothing has occurred in the last year to cause us to alter our policy in this respect. We can feel today more certain than we were a year ago that the people of Europe have the determination to put up an effective resistance with the weapons and equipment our assistance makes available to them.

4. Progress in delivery of military end items

A total of \$11.5 billion of fiscal year 1950, 1951, and 1952 MDAP funds had been earmarked as of March 31, 1952 for financing military assistance activities of the Department of Defense. By March 31, 1952 over \$11 billion of the earmarked funds had been made available by allocation to the Department of Defense. Of the total amount, about \$8.7 billion had been obligated by March 31, 1952. A total of about \$2.8 billion of MDAP funds earmarked for the Department of Defense remain to be obligated during the last 3 months of fiscal year 1952.

(a) *Value of end items shipped through February 29, 1952.*—The Department of Defense had supplied \$1,796 million of military supplies and equipment as grant aid to eligible foreign countries under MDAP by February 29, 1952, including \$416 million of excess stocks.

European countries were the recipients of \$1,292 million, or 72 percent of the total equipment and supplies shipped through February 29, 1952. The remaining shipments were about equally divided between the Near East and Africa (\$247 million) and Asia and Pacific area (\$257 million). The bulk of the shipments under MDAP through February 29, 1952 were in the categories of ordnance, \$1,054 million; vessels and equipment, \$264 million; and aircraft and equipment, \$261 million.

(b) *Tonnage shipped through March 31, 1952.*—Shipments from port during March 1952 of 228,350 measurement tons bring the cumulative total of all shipments under the grant-aid program to about 2,805,500 measurement tons, including 263,700 measurement tons supplied from United States stocks overseas which were not delivered in oceangoing vessels. In addition, 309 aircraft and 55 vessels have been delivered under their own power. United States flag commercial vessels had carried 75 percent of all MDAP ocean shipments as of February 29, 1952.

(c) *Number of items shipped through March 31, 1952.*—Substantial quantities of major categories of military end-items had been shipped as grant aid by March 31, 1952. The following table, based on preliminary data, shows the quantity shipped by number of units of items:

Summary of selected major items shipped

[In number of items and thousands of rounds of ammunition]

Service and major item	During February 1952	During March 1952	Cumulative Mar. 31, 1952
Army:			
Radios and radar.....	180	39	11, 113
Tanks and combat vehicles.....	453	1, 251	9, 103
Motor transport vehicles.....	533	3, 953	34, 901
Small arms and machine guns.....	6, 307	7, 440	790, 171
Artillery.....	231	310	11, 855
Ammunition:			
Small arms and machine guns.....	¹ 22, 001	¹ 7, 624	¹ 289, 612
Artillery.....	¹ 790	¹ 214	¹ 9, 310
Navy:			
Vessels.....	0	5	334
Aircraft.....	62	0	427
Air Force: Aircraft.....	119	185	1, 330

¹ Thousand rounds.

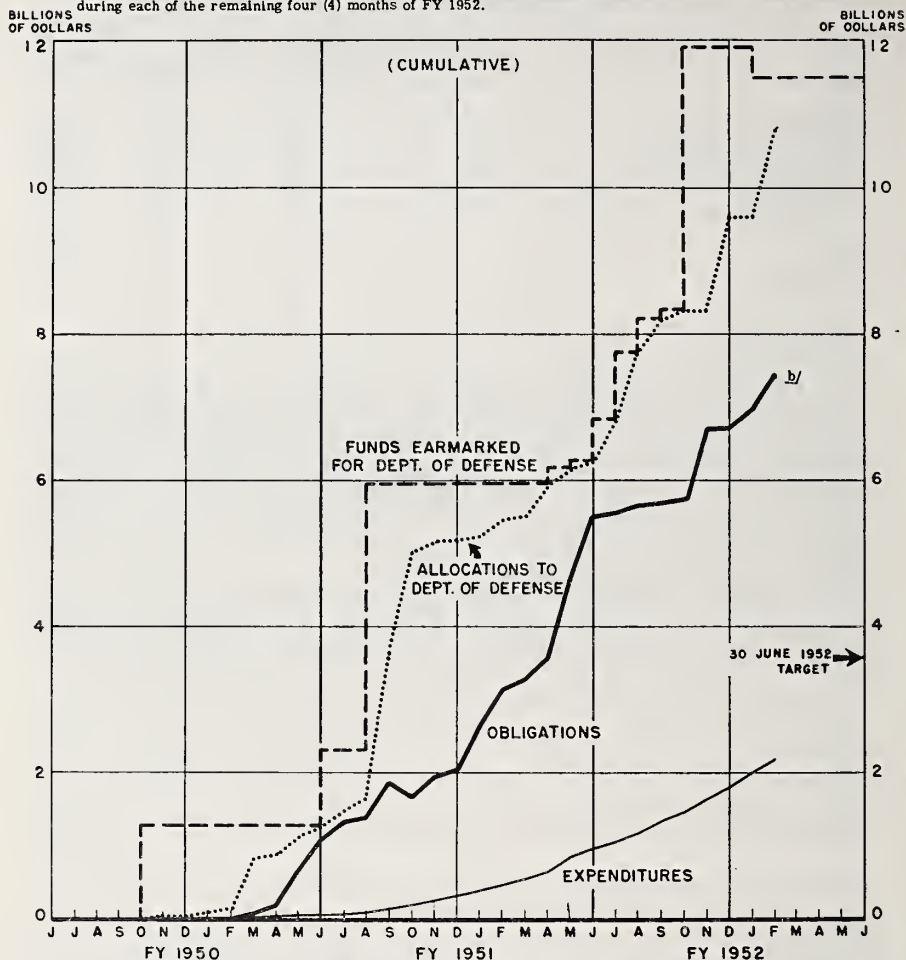
(d) *Reimbursable assistance program.*—By March 31, 1952, the military departments had received 852 active requests for reimbursable military assistance from 41 foreign governments through Department of State and Office of Military Assistance (OMA) channels. Of these, 783 requests had been priced by the military departments at \$1,107 million and 574 requests had been funded in the amount of \$539 million. Through February 29, 1952, shipments to 29 countries under these requests totaled \$71 million.

In addition to purchases on requests placed through OMA, foreign governments had deposited funds in the amount of \$5.8 million to pay for orders submitted directly to the military departments.

PROGRESS IN USE OF MDAP FUNDS ALLOCATED TO DEPT. OF DEFENSE

FY 1950^{a/}, 1951^{a/}, AND 1952 FUNDS

On 29 February 1952, the Office of the Director for Mutual Security allocated an additional \$1,208 million to the Department of Defense for third quarter requirements. Expenditures during the first eight (8) months of FY 1952 amounted to \$1,244 million and were at an average monthly rate of about \$150 million. In order to attain the estimate, based upon Service projections as of 15 March, of about \$2,700 million of MDAP funds being expended during FY 1952, the Services must expend at the average rate of \$365 million during each of the remaining four (4) months of FY 1952.



^{a/} Fiscal year 1950 and 1951 funds were extended for obligation thru 30 June 1952.

^{b/} Cumulative obligations include \$873.2 million representing purchase requests placed on the Army Management Fund for subsequent placing of orders and awarding of contracts. However, only 39% of the total Army, Navy, Air Force and MDAP orders placed on the Fund by 29 February 1952 had actually been covered by contracts, purchase orders and project orders.

5. *Infrastructure*

Infrastructure is the name applied by NATO to the airfields, port and communication facilities necessary for common use to back up military forces.

United States dollars are being spent for the construction of such facilities in countries which receive United States aid under two distinct and independent legislative authorizations and appropriations.

Funds authorized by the Mutual Security Act of 1951 (Public Law 165, 82d Cong.) and appropriated by the Mutual Security Appropriation Act, 1952 (Public Law 249, 82d Cong.) are being used to finance a proportion, agreed upon as the United States share, of the cost of certain common-use military installations, including airfields, communications and port facilities, which are designated as "infrastructure." These facilities are for the use of the forces in Europe under General Eisenhower's command, including United States troops.

Public Law 155 (82d Cong.), sections 102, 202, 301, and 302, authorizes among other things the establishment or development of "classified military installations and facilities." Appropriations authorized by chapter VI of Public Law 155 were made in the Second Supplemental Appropriation Act, 1952, Public Law 254, Eighty-second Congress. In addition, funds authorized and appropriated by the following laws of the Eighty-first Congress are being drawn upon: Public Law 564, title II; Public Law 910, titles I and II; Public Law 843, chapter X; and Public Law 911, chapter X; Public Law 759, chapter X.

Authorization of funds for this purpose for fiscal 1953 is not included in H. R. 7005. All such funds are to be provided in defense appropriation legislation.

These funds are being used for two general types of construction in foreign countries. One is the construction of airfields, communications, and other facilities exclusively for United States military use. The much-publicized air bases being constructed in north Africa fall in this category.

The other is to finance the special facilities and equipment required by the United States in those common-use installations in Europe which are to be used primarily and permanently by United States forces; that is, the United States pays out of Mutual Security Act funds an agreed-upon share of the cost of all the infrastructure. This total includes only the bare essentials of the facilities. In the case of air bases, common-use expenditure includes only the building and surfacing of runways and other minimum essentials which any nation would need. The barracks, hospitals, machine-shop equipment, etc., which vary with the nation which is to use the field are paid for by the nation concerned.

Under General Eisenhower's direction, defense plans for Western Europe have been formulated which provide for airfields in designated locations. A certain number of these have been assigned for the use of United States forces. The "finishing" of these fields for United States use is being financed with Defense Department funds.

The original infrastructure program in Western Europe was developed under the Brussels Treaty (Western Union) and is known as the "first slice." The term "slice" is used to cover a series of specific projects agreed for financing and/or completion during a given time period, generally a calendar year. The total cost of this program for the calendar year 1951 was approximately \$90 million.

In May 1951 the Supreme Allied Command, Europe, determined its minimum requirements for communications and airfields in the central European area. The cost of this program known as the "second slice," was estimated at roughly \$220 million, and was subject to negotiation by the countries concerned, including the non-European countries, United States and Canada, who have use of the facilities. Agreement was reached during the Ottawa meeting of the North Atlantic Council in September 1951 as to division of costs.

Agreement was reached at Lisbon on the third slice calendar year 1952 infrastructure program of airfields, communications and headquarters to be provided at an estimated cost of about \$425 million.

The percentage contribution of the various NATO countries to the common use infrastructure has been determined for each slice. The first slice involved only the countries participating in the Brussels Treaty (Belgium, Luxemburg, the Netherlands, the United Kingdom, and France) before General Eisenhower took over and did not include the United States. The United States contribution to the second slice was 48.1 percent for the calendar year 1952. The recent Lisbon negotiations resulted in agreement that the United States share in 1953 would be reduced to 42.8 percent.

6. *The tax situation*

Section 521 of the Mutual Security Act of 1951 includes, in part, the following:

Funds made available for carrying out the provisions of title I of this act shall be available for United States participation in the acquisition or construction of facilities in foreign countries for collective defense: *Provided*, That no part of such funds shall be expended for rental or purchase of land or for payment of taxes.

The intentions of Congress and its understanding of the significance of this language are made clear in the conference report on the Mutual Security Act of 1951 (H. Rept. 1090, 82d Cong.), pages 27, 28, which include the following:

Administrative expenses (sec. 521).—During the conference the question was raised as to whether either the House or Senate versions of the bill had made clear that funds could be used for the acquisition or construction of facilities in Europe for collective defense. The committee of conference decided to make this authorization explicit, at the same time making equally explicit the prohibition of the use of our funds for rental or purchase of real estate, or for payment of taxes.

The committee of conference considered prohibiting direct or indirect payment of taxes. They realized, however, that taxes go into the price structure of everything that is purchased in Europe or the United States, and therefore that it would be impossible, administratively if not literally, to buy anything or hire anyone on a basis that would preclude the possibility of having part of the funds going ultimately for taxes. The conference also learned that direct taxes are never paid by our authorities and that negotiations are in progress to eliminate "twilight zone" transactions. Therefore, it was felt that the limitation against the use of funds for payment of taxes was sufficient.

On January 18, 1952, a special joint committee of the House of Representatives, made up of members of the Committee on Armed Services and the Committee on Expenditures in the Executive Departments, under the chairmanship of the Hon. Porter Hardy, Jr., Virginia, reported that—

United States military construction in France is subject to French taxes * * * under the present arrangement about one dollar in five appropriated for construction will go to the French Government in taxes.

The Departments of State and of Defense report the following action since the Mutual Security Act of 1951 was approved October 10, 1951: On October 15 the North Atlantic Treaty Council Deputies were notified of the provisions of section 521 of the Mutual Security Act and that pending the completion of arrangements for making sure that no taxes were paid when expenditures were made for the acquisition or construction of facilities for collective defense, the United States would withhold 30 percent of all funds obligated for such purposes.

The executive branch made a further determination as to policy. Although holding that the prohibition against payment of taxes applied only to infrastructure funds coming from appropriations by way of section 521 of the Mutual Security Act of 1951, the interested executive agencies interpreted the intent of Congress to be that the United States should not pay taxes on its expenses in connection with the common defense effort and that tax exemption would be sought on all dollar expenditures in connection with common defense.

On November 20, 1951, negotiations were opened with all European NATO countries to carry out this policy. On January 1, 1952, a special delegation, composed of members of the staffs of the Departments of State, Defense, Treasury, and of the Mutual Security Agency, arrived in Europe to carry on these negotiations.

Agreements have been reached with Belgium, Denmark, France, Iceland, Luxemburg, Italy, Netherlands, and the United Kingdom.

The contribution which dollar expenditures of the Department of Defense makes to the economic welfare of the countries in which the development of bases is being undertaken deserves emphasis. The Defense Department estimates that its total dollar expenditures in 15 European countries and their overseas possessions will amount to \$698,339,000 in the fiscal year ending June 30, 1952, and for these same countries the total will be \$1,008,543,000 in the fiscal year ending June 30, 1953. These expenditures include payments to local contractors, procurement of local supplies, expenditures of American personnel within the country, etc.

These expenditures, while they are from the United States point of view strictly military, have the effect of providing what is essentially economic assistance to the recipient countries. In effect, these United States dollar payments make it possible for these countries to export for dollars the services of construction contractors and the product of the labor going into earth moving and concrete making, the cement and brick used at bases, as well as the hotel and restaurant services and the foodstuffs furnished to United States personnel.

These "exports" have the further advantage that to a large extent they do not compete with or involve any reduction of the commercial dollar exports which a country can make. In general, the greater conversion of the economy of a country to defense, the less its ability to produce for export. When a country supplies us with bases for dollars, however, it is in effect finding a new dollar market for products which cannot ordinarily be sold for dollars.

The executive agencies point out that in their calculations of dollar deficits and dollar requirements for each country, they make full allowance for the dollar expenditures of the Defense Department in that country.

Press reports of American troops quartered during the past winter in tents at French airfields where runways and equipment were also inadequate, as well as other stories reaching the United States, have raised a question as to whether or not the NATO nations were dragging their feet.

The executive branch reports that it was essential to complete the over-all plan for air defense and to allocate the air bases agreed upon as necessary among the participating countries before the United States could begin to build permanent facilities. We were given temporary use of certain European airfields last summer pending final determination of these matters. These decisions have now been made, and work is going ahead.

The principal causes of delay are attributed by the executive departments not to lack of cooperation but to the legal and administrative action which each country has to take and which inevitably requires a long time. The various agencies of the French Government have to consult with each other and take time to reach agreement just as the departments of the United States Government do. If it is decided to locate a storage depot in a large, wooded park area in France, the French defense ministry has to consult with the French equivalent of the National Park Service and agree on plans for new roads, etc.

Representatives of the Department of Defense who participated in air-base negotiations in France state that they found that the French negotiators always seemed to accept the fact that the airfields were to be built as rapidly as possible and to do their work as though they were cooperating with the United States toward a common purpose. There was no evidence of delay or of a go-slow policy although undoubtedly the fact that at intervals there was no French Government in power made it impossible to get necessary ministerial decisions.

The planning, negotiation, internal adjustments, contract letting, and other arrangements inevitably take months rather than weeks and the program has to wait until these things are completed.

C. FAR EAST

1. *Indochina*

The struggle against communism in Indochina has resulted in extremely bloody and protracted fighting. The French Union forces and those of the Associated States are engaged in bitter and continuous warfare against Communist-led Viet Minh insurgents backed by military support from Red China. The strategic importance of this country is great and its fall to the forces of communism would seriously jeopardize the continued freedom of the rest of the southeast Asian mainland.

United States military assistance in the form of aircraft, weapons, ammunition, and other essential matériel has been provided on a high priority basis and has proved indispensable in maintaining the position of the forces fighting the Communists. Continued United States military aid on a similar scale is essential to assist in the fight against the Communists in Indochina, both for the benefit of that troubled area and also to hasten the day when trained French forces will be able to return to join in the defense of Western Europe. The drain of battle has been particularly severe on commissioned and noncom-

missioned officer cadres, which are desperately needed for training new troops for the defense of both areas.

During his testimony the former United States Ambassador to France, Hon. David K. E. Bruce, submitted the following figures on French strength in Indochina (as of January 1, 1952):

Officers:		
Europeans.....	6,923	
North Africans and native colonials.....	176	
Europeans:		
Under contract:		
Noncommissioned officers.....	28,300	
Enlisted men.....	42,701	
Conscripts:		
Noncommissioned officers.....	13	
Enlisted men.....	557	
North African:		
Noncommissioned officers.....	1,781	
Enlisted men.....	30,763	
Native colonials:		
Noncommissioned officers.....	3,870	
Enlisted men.....	78,695	
WACS:		
Officers.....		
Specialists.....	1,346	

2. Other countries

Although Indochina is the only country in south and southeast Asia engaged in a shooting war, all of these countries are menaced by external aggression and internal subversion. The menace of Communist invasion has been sufficient to place heavy and relentless pressures on the governments of these countries. An equally serious and, in some cases, more immediate threat is posed by the Communist use of subversive tactics where actual war is not being waged. These tactics are designed to disrupt and destroy existing institutions throughout the area. In the face of these threats the free nations of this area have had to build sufficient military strength to maintain internal security and to deter external aggression.

At the same time they have been, and are, faced with tremendous internal problems to maintain the confidence and support of their peoples. While some of the countries of southeast Asia have received military assistance, all of them as well as those of south Asia, have received economic and technical assistance. An economic aid program has been directed toward helping these countries establish and maintain strong, stable governments, increasingly able to command popular support. Such support is directly related to the vigor with which these governments tackle the chronic and basic problems of food shortages. The United States, through technical cooperation, consisting of services and supporting supplies, has laid the ground work for the economic development of these countries.

D. NEAR EAST

It would be difficult to exaggerate the importance of this area to the whole free world. It contains vital resources, and is the strategic land bridge between Europe and Asia.

In spite of the fact that a very real danger of military aggression overhangs this area, almost all of the countries are precluded by basic economic weakness from maintaining substantial military forces of a

modern character. Discussions leading toward the formation of a Middle East Command to achieve a unified defense of the area are in progress.

Political unrest and intense nationalism characterize many of the countries in this area, and in part reflect deep-rooted social and economic ills. All of the countries in the region have natural resources not now being used effectively; and the causes of poverty lie in inefficient and unscientific land and water use techniques, an untrained and inefficient labor force for industry, antiquated feudal land-tenure systems, an inadequately developed land and water resource base, and a lack of capital for investment, except for the petroleum industry in a few of the Arab States.

The poverty resulting from these factors, together with the disease and illiteracy contributing to them, form a vicious circle which we can help to break by the application of technical skills.

It is our objective in the Middle East to assist the people and governments of the area to achieve not only greater military security, through the Middle East Command and limited military assistance, but also to assist responsible leaders in getting under way orderly reform and development, in which the energies of the people can find constructive expansion. Our purpose is to demonstrate to these countries, by concrete cooperative effort, that they themselves can achieve their desires for economic and social progress as a part of the free world. People who have evidence of this will not turn in desperation to communism.

IV. FISCAL YEAR 1953 PROGRAM

A. MUTUAL SECURITY PROGRAM—1952 AND 1953

H. R. 7005 extends the Mutual Security Program through fiscal year 1953 as part of the policy already decided by the Congress in the Mutual Security Act of 1951. The bill cuts down the request of the Executive from \$7,900,000,000 to \$6,889,100,000 for fiscal 1953 for military, economic and technical assistance, and adds \$12,000,000 as a United States contribution to the United Nations International Children's Emergency Fund (UNICEF) through calendar 1953. The bill, as reported, reflects a substantial number of amendments written into the Executive proposal by the committee (see appendix II) to insure that the program may go forward with a maximum of efficiency and a minimum of cost to the American taxpayer.

In order that the House may have before it a picture of the total program through fiscal years 1952 and 1953, there follows a table showing appropriations made for the program to date, the Executive request for fiscal 1953, and committee action on the request.

Titles	Appropriations, fiscal year 1952 (1)	Executive request, 1953 (2)	Recommended in H. R. 7005 (3)	Difference between column 2 and column 3 (4)
Title I (Europe):				
Military	\$4,818,852,457	\$4,145,000,000	\$3,316,000,000	—\$829,000,000
Economic	1,022,000,000	1,819,200,000	1,637,300,000	—181,900,000
Spain	100,000,000		¹ (25,000,000)	
Title II (Near East):				
Military	396,250,000	606,370,000	606,370,000	
Economic and technical assistance	160,000,000	196,000,000	196,000,000	
Title III (Asia):				
Military	535,250,000	611,230,000	611,230,000	
Economic and technical assistance	237,155,866	408,000,000	408,000,000	
Title IV (Latin America):				
Military	38,150,000	62,400,000	62,400,000	
Economic and technical assistance	21,245,653	22,000,000	22,000,000	
Total:				
Military	5,788,502,457	5,425,000,000	4,596,000,000	—\$829,000,000
Economic and technical assistance	1,440,401,519	2,445,200,000	2,263,300,000	—181,900,000
Spain	100,000,000	² 29,800,000	² 29,800,000	
Total	7,328,903,976	7,900,000,000	6,889,100,000	—1,010,900,000
			² 12,000,000	+12,000,000
			6,901,100,000	—998,900,000

¹ Earmarked for Spain, but included in title I.

² Contribution to multilateral technical cooperation activities (\$17); emigration of surplus manpower (\$10); ocean freight (\$2.8).

³ United Nations International Children's Emergency Fund.

1. Accumulation of unexpended balances

The committee has given careful consideration to the significance of the large unexpended balances which have been accumulated in the course of getting the Mutual Defense Assistance and the Mutual Security Programs under way.

The following table gives the complete detail as to funds available in 1952, obligations and expenditures through February 29, 1952, with estimates for fiscal 1952:

Mutual security funds available in 1952, obligations and expenditures to Feb. 29, 1952

Item	Military assistance				
	Title I	Title II	Title III	Title IV	Total military assistance
OBLIGATION DATA					
1. Unobligated balance from fiscal year 1951.....	\$566,253,233	\$69,018,294	\$124,396,298		\$759,667,820
2. New funds available, fiscal year 1952.....	4,774,376,186	396,250,000	535,250,000	338,150,000	5,744,026,180
3. Total available for obligation, 1952.....	5,340,629,419	465,268,294	659,646,298	38,150,000	6,503,694,011
4. Adjustments unobligated funds:					
a. Intra-title transfer, title I.....					
b. Transfer to India Emergency Food Aid.....	-478,100,000				-478,100,000
5. Total available for obligation (adjusted).....	4,862,469,419	465,268,294	659,646,298	38,150,000	6,025,534,011
6. 1952 obligations as of Feb. 29, 1952.....	1,737,833,503	126,442,605	200,787,762		2,065,063,875
7. Unobligated balance Feb. 29, 1952.....	3,124,635,911	338,825,689	458,858,536	38,150,000	3,960,470,136
8. Estimated obligation Mar. 1-June 30, 1952.....	(2)	(2)	(2)	(2)	3,660,470,136
9. Total estimated obligations, 1952 (items 6 and 8).....	(2)	(2)	(2)	(2)	5,725,534,011
10. Estimated unobligated balance, June 30, 1952 (item 5 minus 9).....	(2)	(2)	(2)	(2)	300,000,000
EXPENDITURE DATA					
1. Unexpended balance from 1951.....	4,680,794,342	405,967,329	420,156,677		5,506,918,348
2. New funds available for expenditure, 1952.....	4,340,692,457	396,250,000	535,250,000	38,150,000	5,310,342,457
3. Total available for expenditure, 1952.....	9,021,486,799	802,217,329	955,406,677	38,150,000	10,817,260,805
4. 1952 expenditures as of Feb. 29, 1952.....	1,052,256,586	105,227,470	198,239,376		1,345,723,432
5. Unexpended balance, Feb. 29, 1952.....	7,969,230,213	696,989,859	767,167,301	38,150,000	9,471,537,373
6. Estimated expenditures, Mar. 1-June 30, 1952.....					1,577,237,373
7. Total estimated expenditures, June 30, 1952 (items 4 and 6).....					2,922,960,805
8. Estimated unexpended balance, June 30, 1952 (item 3 minus 7).....					7,894,300,000

Item	Economic and technical assistance						Assistance to Spain	Total assistance
	Title I	Title II	Title III		Title IV	Total economic and technical assistance		
			Excluding UNKRA	UNKRA	Total			
OBLIGATION DATA								
1. Unobligated balance from fiscal year 1951	\$64,128,684		\$344,134	\$50,200,888	\$50,545,022	\$116,578,419	\$45,300,000	\$921,546,244
2. New funds available, fiscal year 1952	1,022,000,000	\$160,000,000	237,155,866		237,155,866	1,440,401,519	100,000,000	7,234,427,705
4. Adjustments unobligated funds:								
a. Intra-title transfer, title I	1,086,128,684	\$160,000,000	237,500,000	50,200,888	287,700,888	1,536,979,938	145,300,000	8,205,973,949
b. Transfer to India Emergency Food Aid	478,160,000					478,160,000		
	-62,745,684					-62,745,684		
5. Total available for obligation (adjusted)	1,501,543,000	160,000,000	237,500,000	50,200,888	287,700,888	1,972,394,254	145,300,000	8,143,228,265
6. 1952 obligations as of Feb. 29, 1952	773,431,801	54,606,795	99,229,818	10,000,000	109,229,818	948,476,333	35,488,011	3,019,028,219
7. Unobligated balance Feb. 29, 1952	728,111,199	105,393,205	138,270,182	40,200,888	178,471,070	1,023,917,921	109,811,989	5,094,200,046
8. Estimated obligation Mar. 1-June 30, 1952	728,111,199	105,393,205	138,270,182	40,200,888	178,471,070	1,023,917,921	59,811,989	7,744,200,046
9. Total estimated obligations, 1952 (items 6 and 8)	1,501,543,000	160,000,000	237,500,000	50,200,888	287,700,888	1,972,394,254	95,300,000	7,793,228,265
10. Estimated unobligated balance, June 30, 1952 (item 5 minus 9)							50,000,000	350,000,000
EXPENDITURE DATA								
1. Unexpended balance from 1951	\$1,316,309,146		134,012,944	50,200,888	184,213,832	1,505,213,324	762,500,000	7,074,631,672
2. New funds available for expenditure, 1952	1,500,160,000	160,000,000	237,155,866		237,155,866	1,918,561,519	100,000,000	7,328,903,976
3. Total available for expenditure, 1952	2,816,469,146	160,000,000	371,168,810	50,200,888	421,369,698	3,423,774,843	162,500,000	14,403,535,648
4. 1952 expenditures as of Feb. 29, 1952	1,136,844,860	44,408,715	92,359,190		92,359,190	1,278,396,239	18,496,927	2,642,616,598
5. Unexpended balance, Feb. 29, 1952	1,679,624,286	115,591,285	278,809,620	50,200,888	329,010,508	2,145,378,604	144,003,073	11,760,919,050
6. Estimated expenditures, Mar. 1-June 30, 1952	851,494,474	94,338,312	170,603,836	50,200,888	220,804,724	1,184,637,767	54,003,073	2,815,878,213
7. Total estimated expenditures, June 30, 1952 (items 4 and 6)	1,988,339,334	138,767,027	262,963,026	50,200,888	313,163,914	2,463,034,006	72,500,000	5,458,494,811
8. Estimated unexpended balance, June 30, 1952 (item 3 minus 7)	828,129,812	21,232,973	108,205,784		108,205,784	960,740,837	90,000,000	8,915,040,837

¹ Excludes \$44,476,271 appropriated in 1952 to liquidate prior year contract authorization.

² Not available.

³ Includes \$44,476,271 appropriated in 1952 to liquidate prior year contract authorization.

⁴ Balance of public debt authorization available for loan to Spain.

⁵ \$10,000,000 of these funds were obligated in February and expended in March 1952.

⁶ Utilization of the balance is contingent on cease-fire in Korea.

⁷ Includes \$20,700,000 public debt authorization previously authorized. Excludes \$62,745,684 transferred to India emergency food aid.

⁸ Public debt authorization for loan to Spain available for expenditure.

There was an unexpended balance from 1951 at the beginning of fiscal 1952 of \$7,074,631,672, a total available for expenditure in fiscal 1952 of \$14,403,535,648 and on February 29, 1952 an unexpended balance of \$11,760,919,050. The estimated unexpended balance at the end of fiscal 1952 is \$8,945,040,837 which is more than the authorization requested for fiscal 1953.

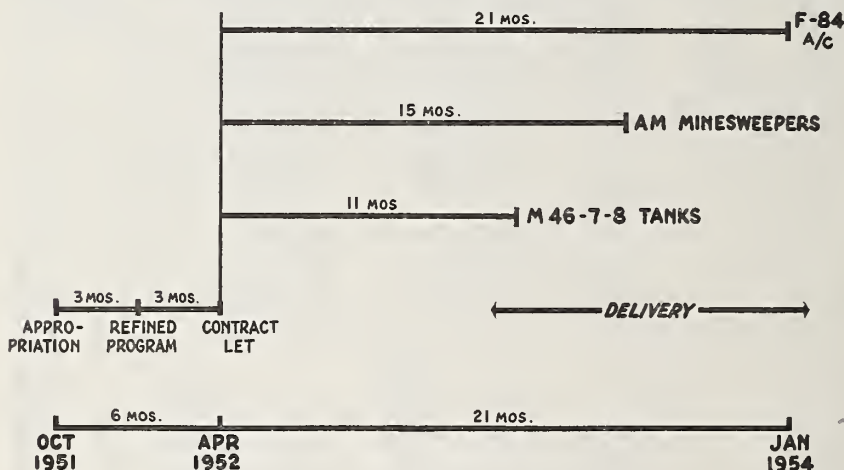
An analysis of these figures indicates that these facts do not indicate that the Mutual Security Program has been given more money than necessary or that the United States taxpayer has paid taxes the proceeds of which have lain idle in the Treasury.

In the first place, it is essential that the distinction between obligations and expenditures be understood. Under United States fiscal procedure Government agencies are not allowed to enter into procurement contracts unless the funds have already been appropriated from which payment is to be made against such contracts.

In the case of military equipment a period varying from several months to 3 years must elapse between the signing of the contract and the delivery of and payment for the items involved. The following chart illustrates this situation:

MDAP

LEAD-TIME IN FUND USE FOR MAJOR ITEM PROCUREMENT



At the beginning of a program which includes airplanes, tanks, and specialized naval vessels it is inevitable that expenditures lag behind appropriations. The unexpended balance bears no relationship to the need for additional funds. The problem of manufacturing lead-time is further complicated by the delays involved in overseas shipment and the time required to complete foreign exchange transactions. This situation is illustrated in the case of the nonmilitary shipments by the following illustration of the "pipeline."

Why a "Pipeline"?

Any program requiring shipment of commodities involves a supply "pipeline". The Mutual Security Agency's defense support program provides machinery and equipment, non-ferrous metals, steel, cotton and other agricultural and industrial commodities essential to the development and support of the rearmament programs of the European Free Nations.

There are two basic reasons for the time intervals involved in the "pipeline":

(A) Required administrative time

- MSA must screen country commodity requirements to determine that they are an essential part of the approved country program.
- The participating countries must notify importers that orders can be placed for goods.
- After the goods are shipped, suppliers must submit bills of lading and other necessary documents to be reviewed by MSA before payment.

(B) Required supply time

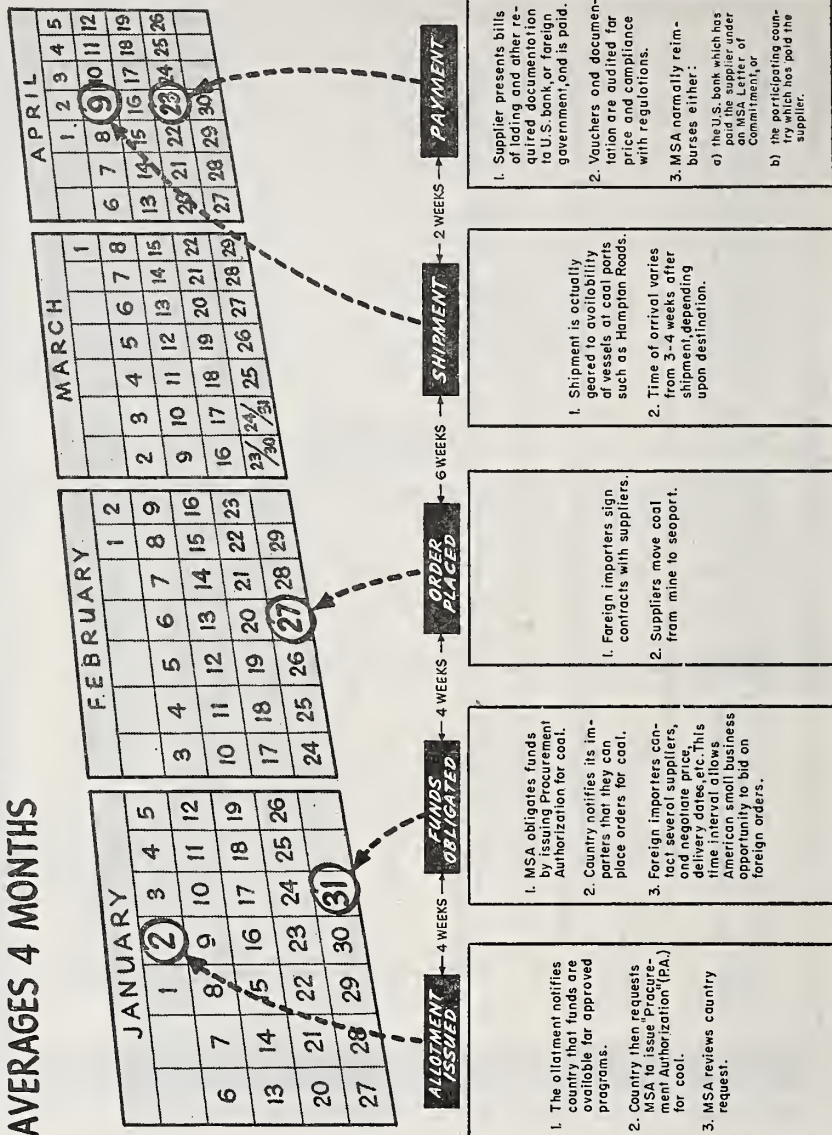
- Foreign importers must place orders with American or other suppliers.
- Manufacturers and suppliers must secure or produce the desired commodities.
- Delivery of the commodities must be scheduled in an orderly manner as required over a period of time.

Through January 31, 1952, MSA had obligated a total of \$12,424 million for Europe and had expended \$11,470 million against these obligations. Thus a pipeline of \$954 million existed on January 31, 1952—about half the size of the pipeline a year earlier.

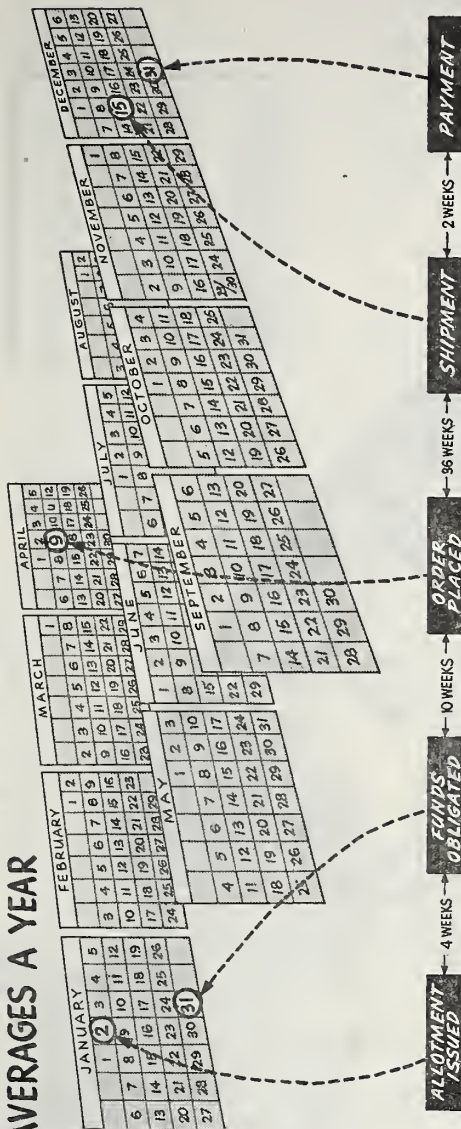
Some items have a short procurement—shipping cycle. Others, notably machinery and equipment, have longer lead times and consequently longer pipelines. Typical pipelines for each of these types of commodities are described on the following pages.

EUROPEAN PIPELINE (\$ millions)	
1949 DECEMBER.....	\$2,048
1950 JUNE	1,850
1950 DECEMBER.....	1,857
1951 JUNE	1,493
1952 JANUARY	954

THE PIPELINE FOR COAL AVERAGES 4 MONTHS



THE PIPELINE FOR MACHINE TOOLS AVERAGES A YEAR



1. The allotment notifies country that funds are available for approved programs.
2. Country then requests MSA to issue "Procurement Authorization" (P.A.) for machine tools.
3. MSA reviews country request particularly for availability, both in Europe and the United States.

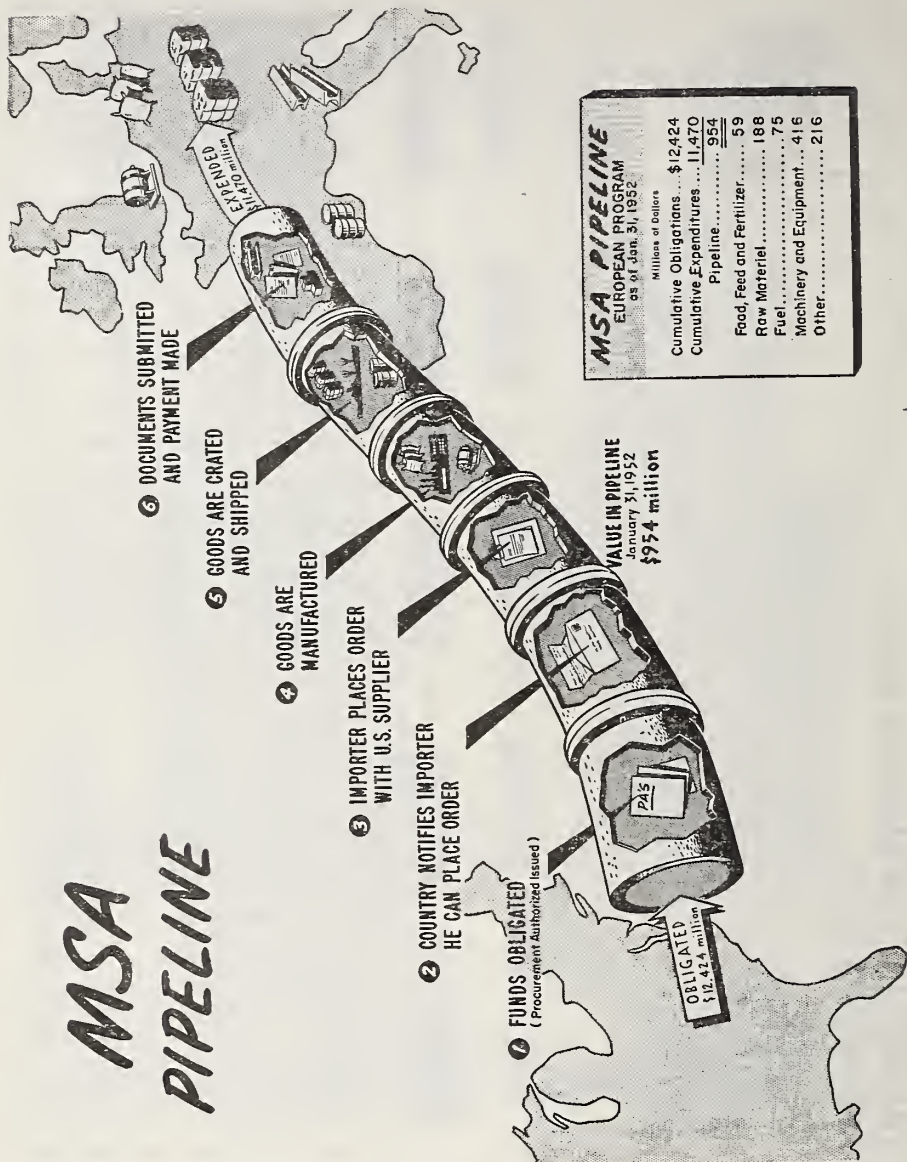
1. MSA allocates funds by issuing Procurement Authorization for machine tools.
2. Country notifies its importers that they can place orders for machine tools.
3. Foreign importers contact several suppliers, and negotiate delivery dates, specifications and other factors. This interval allows American small business to bid on foreign orders.
4. Long delays in placing orders have been experienced due to the jammed status of manufacturer's order books.

1. Foreign importers sign contracts with suppliers.
2. For long lead items like machine tools, the time interval between placing the order and shipment may vary from 6 months to 15 months, with a typical time of 9 months.
3. The actual time interval between ordering and shipment depends upon such variables as:
 - a) availability of critical raw materials
 - b) status of manufacturer's production schedules
 - c) priority status of the order
 - d) normal manufacturing time

1. The machine tools are created, stamped with MSA emblem and shipped to seaport.

1. Under procurement authorization, supplier presents bills of lading and other required documentation and is paid.
2. Vouchers and documentation are audited for price and compliance with regulations.
3. MSA normally reimburses either:
 - a) the U.S. bank which has paid the supplier under MSA Letter of Commitment, or
 - b) the participating country which has paid the supplier

MSA PIPELINE



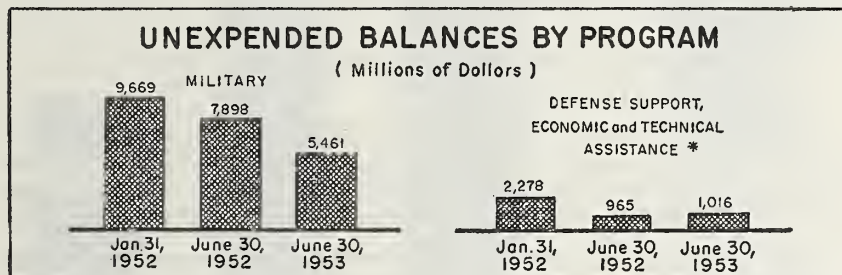
The figure for unobligated funds has greater significance since funds are considered as obligated when an order is placed or a contract signed. The tabulation above (pp. 30-31) indicates that the unobligated balance at the beginning of fiscal 1952 was \$921,546,244. The total available for obligation during fiscal 1952 was \$8,143,228,265 and the unobligated balance February 29, 1952, was \$5,094,200,046. The present rate of placing orders is over \$1,000,000,000 per month and it is estimated that the unobligated balance carried forward at the end of fiscal 1952 will be only \$350,000,000.

Tax money paid by United States citizens is not allowed to lie idle in the Treasury. Money appropriated but not spent in the same fiscal year does not add to the deficit of that fiscal year. This was explained by the Honorable W. J. McNeil, Assistant Secretary of Defense, in his testimony before the committee, as follows:

There frequently are discussions about the effect on taxation of amounts appropriated. Misunderstandings exist as to the effect of carry-over funds. Only when production lead times are examined and projected expenditure rates determined can any definite relationship between appropriations and the requirement for taxes and borrowings be established.

The Treasury maintains a normal cash balance of around \$4 billion or a little over. Requirements for taxation and borrowings are not directly related to the amount carried over. Instead, carry-over funds are a measure of the quantity of goods or services expected to be delivered at some time beyond the end of the period under consideration. Only when the rate of such deliveries is examined can the effect on the Treasury's cash requirements, and the relationship to tax requirements, be known.

The rate at which the funds already appropriated are expected to be expended is indicated in the following chart:



* Excludes Spain.

The planned carry-over of MDAP funds beyond June 30, 1953, is shown in the following table:

Department of Defense, MDAP funds of Department of Defense, estimated unexpended balance as of June 30, 1953

Funds available to Department of Defense:		Millions
Fiscal 1950, 1951, and 1952 programs	-----	\$11, 481
Proposed fiscal 1953 programs	-----	5, 350
Total, all programs	-----	16, 831
Expenditures (Form 133 basis):		
Fiscal 1950 and 1951 (actual)	-----	\$946
Fiscal 1952 (estimate)	-----	2, 713
Fiscal 1953 (estimate)	-----	7, 714
Total through 1953	-----	11, 373
Estimated unexpended balance June 30, 1953	-----	5, 458

A title-by-title tabulation of the carry-over of unobligated and unexpended balances is shown in the accompanying table:

Relation between original authorization request and carry-over of funds by titles

[These carry-over figures differ slightly from those given on pp. 30 and 31. They represent a preliminary revision based on later estimates]

	Original author- ization request in H. R. 7005 ¹	(Carry-over—estimated as of June 30, 1952)	
		Unexpended balance	Unobligated balance
Title I:			
Military.....	\$4,145,000,000	\$6,540,000,000	\$208,200,000
Economic.....	1,819,200,000	828,200,000	
Assistance to Spain.....		90,000,000	50,000,000
Title II:			
Military.....	606,370,000	573,800,000	54,400,000
Economic and technical assistance.....	196,000,000	21,200,000	
Title III:			
Military.....	611,230,000	742,600,000	78,400,000
Economic and technical assistance.....	408,000,000	108,200,000	
Korea (dependent on cease-fire not later than mid-June 1952).			
Title IV:			
Military.....	62,400,000	37,900,000	15,800,000
Economic and technical assistance.....	22,000,000	3,200,000	
Military.....	5,425,000,000	7,894,300,000	356,800,000
Economic and technical assistance.....	2,445,200,000	960,800,000	
Plus.....	7,870,200,000 ²	8,855,100,000	356,800,000
	² 29,800,000	90,000,000	² 50,000,000
Total.....	7,900,000,000	8,945,100,000	406,800,000

¹ The committee has cut the authorizations requested in title I by \$1,010,900,000 and an additional authorization for the United Nations Children's Fund of \$12,000,000 has been made. The total reduction from the funds set forth in this column is \$998,900,000.

² Contribution to multilateral technical cooperation activities (\$17); emigration of surplus manpower (\$10); ocean freight (\$2.8).

³ Spain.

B. ELEMENTS OF THE MUTUAL DEFENSE PROGRAM

1. *Build-up of defense forces*

The primary purpose of continuing the Mutual Security Program is to enlarge and strengthen the Armed Forces which can meet Soviet aggression. The following table shows the military forces under arms in the countries indicated at the beginning of 1952.

Active military forces, Western Europe, United States, and Canada, Jan. 1, 1952

Country	Population	Active forces located in North Atlantic Treaty area	Percent
Belgium-Luxemburg.....	8,980,000	136,000	1.5
Denmark.....	4,310,000	26,000	.6
France.....	42,400,000	593,000	1.4
Italy.....	47,000,000	314,000	.7
Netherlands.....	10,300,000	84,000	.8
Norway.....	3,310,000	30,000	.9
Portugal.....	8,570,000	73,000	.9
United Kingdom.....	50,900,000	624,000	1.2
Total, Western Europe.....	175,770,000	1,880,000	1.1
	Population	Active forces world-wide	Percent
United States.....	156,000,000	3,465,000	2.2
Canada.....	14,100,000	91,000	.6

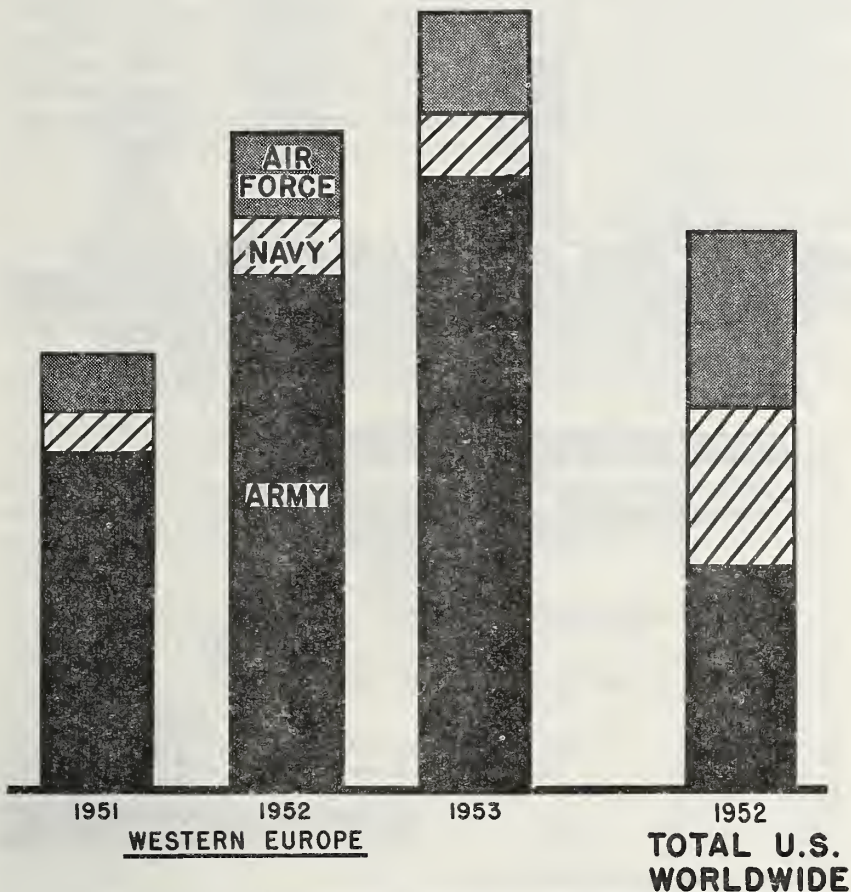
NOTE.—Western European forces exclude those located outside the North Atlantic Treaty area such as the French forces in Indochina. United States and Canadian forces are world-wide.

At Lisbon last February, the NATO countries agreed to provide 50 divisions by the end of 1952 of which 25 would be available on D-day and 25 would be available at intervals between D-day and D-day plus 30. Four thousand operational aircraft are to be provided, together with 704 major combat vessels and 924 smaller combat vessels. In addition to this, Greece and Turkey currently have 25 divisions.

The relative increase in military forces planned for 1953 is indicated by the following chart which does not give the number of men for security reasons:

MILITARY STRENGTH

WESTERN EUROPE 1951-1953 AND U.S. 1952
ACTIVE AND READILY MOBILIZABLE FORCES



Includes Bel-Lux, Denmark, France, Italy, Netherlands, Norway, Portugal, and United Kingdom.

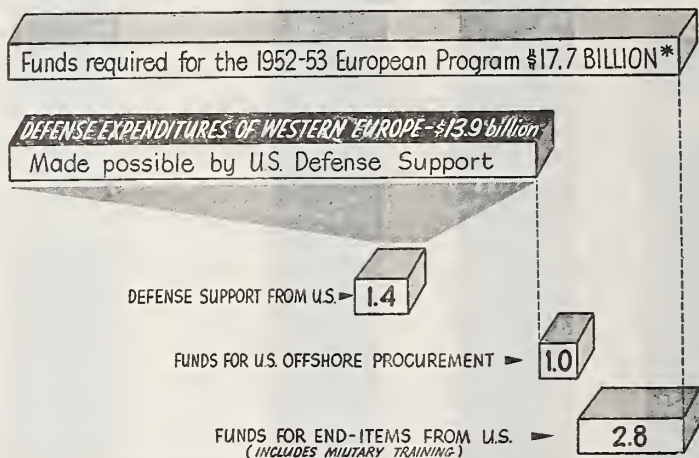
The key to the size and effectiveness of the forces of friendly nations which will be ready to withstand a Soviet attack during the next year is the ability to equip these forces. If the program is permitted to continue as planned, an effective fighting machine will be in existence in Europe by the end of this year. If the time schedule has to be revised, our vulnerability to aggression is extended.

(a) *Low cost to United States of help of other nations' forces.*—The starting point in determining what forces are required to withstand a Soviet attack is the fact that the Soviet Union has 175 divisions, 20,000 airplanes and 300 submarines. These factors exist and are beyond our power to alter. The size of the forces necessary to counter such military power will vary with the area to be defended and the weapons available. Any strategic plan to defend, and defense line that may be accepted, will inevitably require millions of men under arms. These armed forces might be provided entirely by the United States, or we can take advantage of the willingness of other nations to share in the job with us. As the Director for Mutual Security said in his testimony before the committee, "I do not believe we should reserve to the young men of this country the exclusive privilege of fighting for freedom. They are entitled to have well-equipped allies."

While the cost of aiding the military build-up of other nations constitutes a serious drain on the resources of the United States, it must be recognized that the United States bears only a fraction of the total cost of putting the foreign troops in the field. Their own governments pay a larger part of the cost than we do as illustrated by the following chart:

THE MILITARY BALANCE SHEET:

MOST OF THE FUNDS NEEDED TO FINANCE THE 1952-53 PROGRAM IN EUROPE WILL BE BORNE BY WESTERN EUROPE



THIS SHOWS FUNDS THAT GOVERNMENTS NEED TO MAKE AVAILABLE FOR U.S. FISCAL YEAR 1952-53

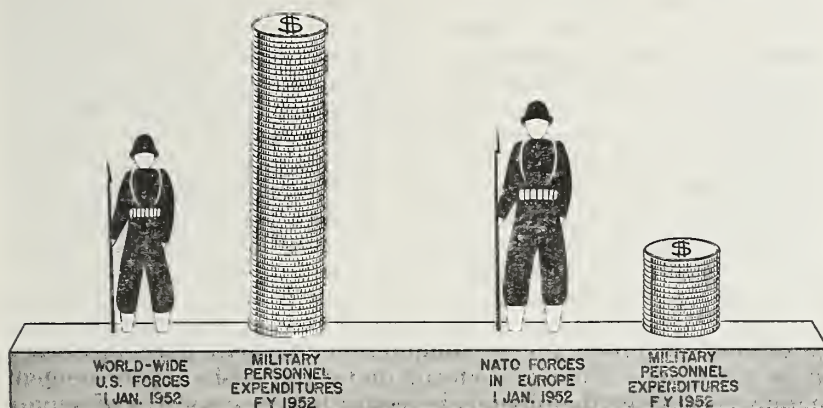
* EXCLUDES MILITARY END-ITEMS FROM CANADA

NOTE: THESE FIGURES EXCLUDE GREECE AND TURKEY AND INCLUDE GERMANY

An important factor in this situation is the low cost of maintaining forces of nations other than the United States. The Turkish soldier is paid 21 cents a month, and the French soldier gets 58 cents per day. The personal equipment and facilities provided to forces of other nations are much less than are supplied to United States forces. Turkish officers were startled at questions concerning the temperatures at which barracks were maintained during the winter since no Turk had ever thought of heating barracks.

These lower costs are indicated by the following chart:

COMPARATIVE PERSONNEL COST OF FORCES WORLD-WIDE U.S. vs. WESTERN EUROPEAN IN NAT AREA READILY MOBILIZABLE



(NOTE: NATO forces include United States forces in Germany, but exclude Greece and Turkey.)

2. End items and offshore procurement

The principal use of the funds authorized in this bill is to provide military end items to the forces of foreign nations. The following table shows in units the types of arms and equipment being provided under the 1953 program, together with the aggregate cost of the items enumerated.

Tentative amounts of military end items to be purchased with the funds requested for the fiscal year 1953 Mutual Security Program

	Title I	Other areas
Vessels.....	82	157
Aircraft.....	967	308
Tanks and combat vehicles.....	5,240	1,044
Motor transport vehicles.....	13,928	12,734
Small arms and machine guns.....	122,534	220,273
Artillery and naval guns.....	6,774	2,750
Small arms and machine gun ammo..... in thousands..	198,835	399,008
Artillery and naval gun ammo..... do.....	13,387	16,457
Charged to program ¹ in millions..	\$3,395.4	\$1,084.5

¹ Matériel only, no packing, handling, crating, and transportation, training, or administration included. Excludes acquisition cost of excess.

It should be emphasized that the United States is not the sole supplier of weapons and vehicles to foreign nations. In addition to financing the pay, maintenance, clothing, and housing of troops, the European countries supplied themselves with over \$2 billion of military hardware in fiscal 1952. It is estimated that in fiscal 1953 European military production will exceed \$3.5 billion. The NATO countries as a whole produce 40 to 50 percent of the equipment for their divisions.

Certain of these items can be manufactured only in the United States because no other nation has the designs, know-how, and equipment for such production. European capacity for producing planes, tanks, vehicles, and weapons is being expanded, but time does not permit the delaying of the arming of forces until their weapons can be produced at home.

It is necessary for the United States to supply military end items also because the recipient nations are not able to pay for all of the equipment their forces require. The limited resources and overstrained budgets of these nations do not permit them to finance the equipment of forces necessary for them to carry out their assigned responsibilities in the defense plan. The committee wrote a provision into the bill (sec. 7 (f)) for easing the physical demands of European rearmament on the resources and the factories of the United States by having the United States finance the procurement of not less than \$1,000,000,000 of military end items in Europe during fiscal 1953. This is called offshore procurement. Contracts will be placed only for amounts and types of items falling within the calculated requirements of the European defense build-up, and in that respect will not differ from the end items supplied physically from the United States. Particular emphasis will be given, however, to logistic considerations; for example, the production of ammunition and spare parts in Europe will be given special encouragement under the offshore procurement program because of the obvious necessity for close sources of supply of these items.

With regard to offshore procurement, careful coordination is imperative to minimize duplicate buying by separate military services and unnecessary strain on local markets. The advantages of establishing an agency for centralized procurement in Europe would appear obvious.

Through the calendar year 1951 the equipment provided by the United States served mainly to meet the training requirements of the forces brought into being during that year, and to meet certain critical deficiencies or replace certain of the obsolete equipment of troops in being. In contrast, 1952 and 1953 will be years in which large quantities of combat equipment will go into the hands of forces being made combat-ready under General Eisenhower's command. The decision at Lisbon to concentrate on the maximum development of combat-ready forces during the months ahead means that most of this equipment will go to bring complete units to a state of combat readiness; the distribution of this equipment to units in training will be carefully designed to permit ready mobilization to meet any contingency. The funds requested for direct military assistance for title I countries, together with funds previously made available, will fill the equipment deficiencies of types furnished by the United States of all the ground force divisions being raised this year under the Lisbon agreement, to-

gether with provision for part of their reserve stocks of ammunition. It will furnish a portion of the long-production lead-time items required for additional forces to be raised in 1953. It will provide essential combat equipment required in support of naval and air units committed to the NATO defense plan.

The programing of military end items is based upon the requirements of the forces being brought up to combat or reserve strength under the forces plan agreed at Lisbon. Deliveries will be geared to the actual time phasing of the raising and training of forces by our allies. The programs are kept flexible, so that priorities of equipment deliveries can be made to correspond to the readiness of troops to receive and effectively to utilize the equipment supplied, and the relative urgency of needs for combat readiness or for training of specific units. The responsibility for recommending these priorities rests with the Supreme Allied Commander, Europe, who will consider on the spot both the degree of readiness of units to receive equipment and the missions to be performed by the various units in the event of attack.

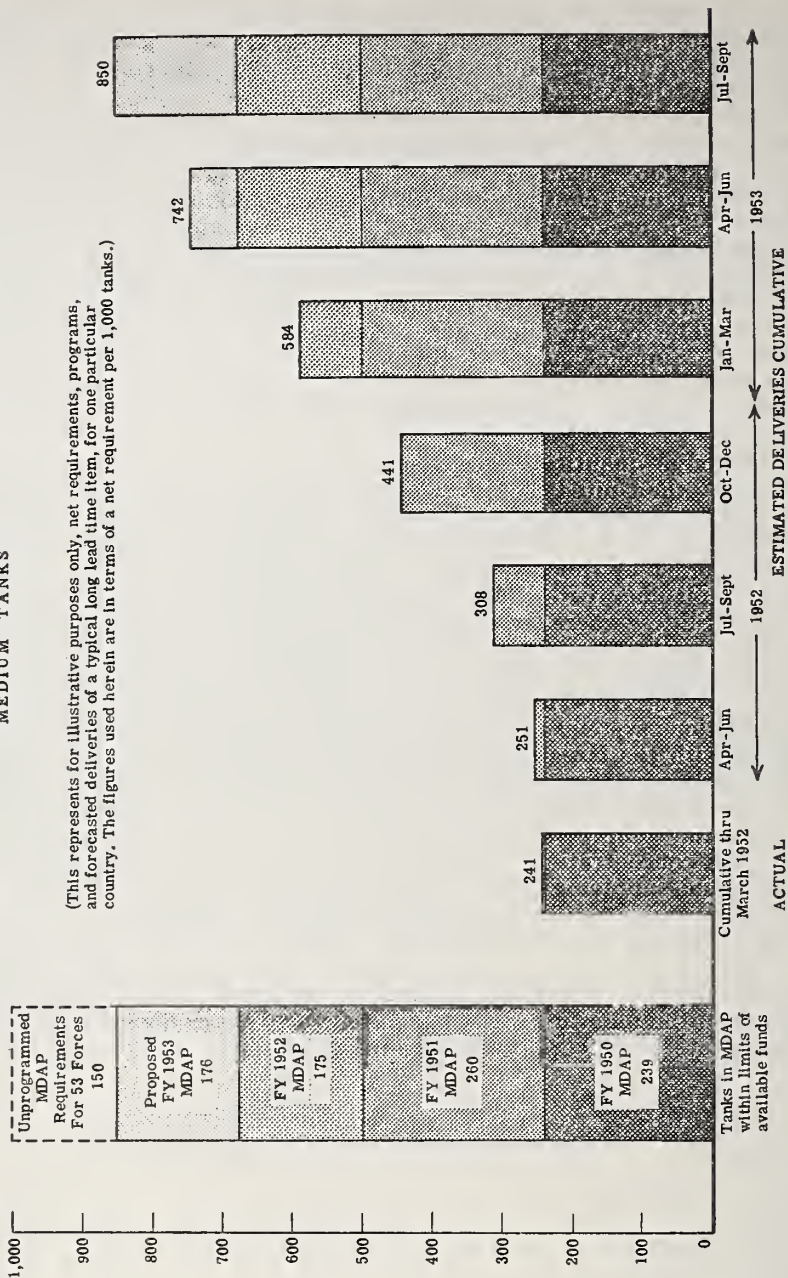
The large quantities of modern equipment supplied to European forces by the United States reflect the nature and timing of the joint NATO investment in mutual security. We are now in the process of building up the initial equipment for a large defensive force within a short period of time. Within the time schedule called for by this defense plan many items of equipment can be produced only within the United States, where large-scale production lines are already in operation. Another large part of the equipment requirements could be produced in Europe, but only at the expense of the raising and training of forces, the construction of the necessary airfields, barracks, communications systems, and other facilities, and the supplying of those forces with the large quantities of other supplies necessary for their maintenance and operation—in short, only at the expense of a lower level of forces than is needed for effective Western European defense.

It is the compression of this build-up into a short period of years, and the concentration of the European countries on the raising of forces and supplying them with the things that Europe is best able to supply them with, that makes necessary the large United States contribution in the form of finished military hard goods.

Concrete evidence of this transition of deliveries to meet training requirements to deliveries to bring forces to full combat strength is shown in the following chart which indicates the contemplated accelerated rate of delivery of medium tanks:

MDAP Net Requirements VS Program VS Deliveries MEDIUM TANKS

(This represents for illustrative purposes only, net requirements, programs, and forecasted deliveries of a typical long lead time item, for one particular country. The figures used herein are in terms of a net requirement per 1,000 tanks.)



The criteria to be met before any military equipment is sent to a foreign nation require that:

(1) Equipment for North Atlantic Treaty members would be provided only for those forces required by that organization's defense plan and accepted by each country concerned as a definite commitment to the plan.

(2) Equipment for countries outside of NATO would be furnished only for the forces in being, or immediately mobilizable.

(3) The scale of equipping forces would be on the most austere basis, and limited to items of the highest priority.

(4) Equipment of a questionable operational value would not be furnished.

(5) Equipment which can be produced in the country or regional organization would not be furnished.

3. *Latin America (sec. 6)*

Last year the Congress appropriated \$38,150,000 for military assistance to Latin America under the Mutual Security Act. None of this was obligated as of January 31, 1952. However, the appropriation was not completed until the end of October 1951. Until the appropriation had been voted it was impossible for the Joint Chiefs of Staff to determine upon the allocations of the amount appropriated. As explained by the Honorable Edward G. Miller, Jr., Assistant Secretary of State for Inter-American Affairs:

* * * before we could begin the bilateral negotiations with the countries concerned, we had to wait for the Joint Chiefs of Staff to draw up the plan under the appropriation for the best use of the appropriation; and that, plus the Presidential approval, took until about the end of December. We then had to approach through diplomatic channels the different countries in Latin America that had been selected by the Joint Chiefs of Staff as the most likely countries to be selected for participation in this program. We began our first negotiations in January and none of those negotiations had been completed by the end of January and that is the reason why none of these funds were obligated by the end of January. * * * We are only now beginning to complete some of the bilateral military negotiations we began after the funds were appropriated last year. We have completed negotiations with Peru, Ecuador, Brazil, and Cuba. We are about to complete negotiations with Chile and Colombia. We have not been able to start negotiations until this week with Uruguay, because in Uruguay they have undergone a change in their government and they requested that this be delayed until after they had completed this change in their form of government. That is the explanation as to why there are no funds obligated.

The \$38,150,000 appropriated for fiscal year 1952 was just recently released to the Department of Defense and is now in process of being placed under contract. The \$62,400,000 requested for fiscal 1953 (sec. 6 of the bill) is geared to practically the same forces and with some augmentation is designed to complete the equipment of those forces.

Broadly speaking, the purpose of United States military aid in Latin America is to help develop forces there which can themselves ultimately take over the defense of that area. In the words of Maj. Gen. George H. Olmsted, Director of Military Assistance, Office of the Secretary of Defense:

* * * Our neighbors in the Western Hemisphere have about half of the total population of the hemisphere and you might say half or more of the total natural resources. It has been almost traditional in our thinking to feel we had to do the whole job of defending the hemisphere. This program is directed toward placing these people in a position from a training and equipment standpoint to

enable them to assume certain specific defense tasks. Obviously, they are somewhat limited in their capacity in the beginning. * * * In the last war we had to commit about 100,000 United States troops to the Latin-American area to keep the lines of communication open, developing the air bases, and insure the security of strategic materials that are so vital to us. It is our hope in this program to develop Latin-American troops of sufficient character and capacity to assume that burden in the event we have another war. Many Latin-American countries have training missions from the United States which they are paying for. Besides paying for the missions, many of those countries are also purchasing United States arms and paying cash for them in substantial amounts. * * * This is not a one-way street. It is not a situation where we are asked to assume the whole burden. There are current in the Department of Defense requests for cash purchase of items of equipment totaling in amount \$193,000,000, of which \$36,433,000 has actually been laid down in cash. * * * It is our belief in the Defense Department that as our training program progresses and as our equipment program develops and is implemented that these forces will be battleworthy and will be able to carry out the mission they have agreed to carry out.

C. ELEMENTS OF THE ECONOMIC PROGRAM

1. *Defense support (sec. 3 (c))*

The bill authorizes \$1,637,300,000 for "defense support" for Europe. These funds are to be spent for the imports which the countries of Europe require in order to carry out their military commitments.

Europe is a great workshop possessing highly developed manufacturing plants together with skilled workmen and a highly developed technology. Normally the industries of Europe concentrate on producing for export in order to pay for the imported raw materials and foodstuffs which are obtainable in other areas of the world.

It is essential to the defense program that the industries of Europe be converted to military production. The industries of the United States do not have the capacity to produce all of the equipment required by European forces in addition to that required by our own troops. Furthermore, it is essential that Europe produce for itself so as to relieve the United States of financing as much of the European defense program as possible.

Europe finds itself with little surplus manufacturing capacity to put into military production while leaving normal production for export undisturbed. The European countries were just reaching the point where they could finance their own imports as a result of the Marshall plan. They should and have tightened their belts, but the only way they can produce airplanes, tanks, and weapons is to curtail their production of machinery, automobiles, and electronic equipment for export.

The people of Europe who work in the factories which turn out military end items have to eat imported food and wear clothing made from imported cotton in just the same way they would if they were engaged in export production. The difference is that exports have to pay for the food and clothing required.

As a consequence the countries of Europe face this dilemma. If they convert from production for export to production for defense without outside help they cannot feed and clothe their people. These countries are already so much in debt that borrowing is impossible. Their reserves are at the minimum limit. If they do not get United States assistance to pay for necessary imports they will have to reconvert to export production to keep going.

This is no reflection on the patriotism of the people of Europe or their determination to resist aggression. They must export or die. We do not want their military production to be merely a byproduct of their export production. We face an emergency, and it is in the interest of the United States that they use all possible facilities for the production of arms and military equipment.

The defense-support program has been worked out specifically to meet this situation. The amount of assistance planned for each country has been adjusted to the amount necessary to permit it to do its defense job after taking into account its capacity for military production and making sure that each has tightened its belt to the limit. As a further assurance on this latter point the committee has recommended a 10-percent cut of the defense-support item.

An important part of the defense-support funds will be used to pay for raw materials and machinery used directly by the factories producing military end items in Europe. It would be futile, however, to limit the use of United States funds to such purposes. Each country has more dollars derived from its own exports to spend for imports than the dollars it receives in the form of grants from the United States. Consequently, if it was provided that defense-support money should be used only for copper, machinery, and items going directly to arms factories, the recipient countries would merely buy less of these items with their earned dollars and divert the dollars thus saved to the procurement of wheat and cotton.

The following table provides an estimate of the extent to which European defense production would be cut back if United States defense support were denied.

Defense expenditures of 8 European NATO countries¹ and Germany, by NATO category, fiscal year 1952, fiscal year 1953 without defense support, fiscal year 1953 with defense support

[In millions of dollars]

	Fiscal year 1952	Fiscal year 1953	
		With defense support	Without defense support
I. Military personnel costs.....	3, 117. 0	3, 589. 0	3, 023. 0
II. Major procurement and production costs.....	2, 012. 0	3, 596. 0	1, 959. 0
(a) Aircraft.....	503. 7	739. 5	448. 0
(b) Artillery.....	142. 0	232. 2	107. 2
(c) Combat vehicles.....	160. 2	279. 3	133. 7
(d) Ammunition and explosives.....	283. 6	434. 0	281. 3
(e) Electronics and communications.....	130. 7	242. 4	127. 1
(f) Weapons and small arms.....	41. 5	103. 3	75. 8
(g) Engineering and military railroad equipment.....	87. 3	129. 4	61. 4
(h) Transport and noncombat vehicles.....	280. 0	765. 4	380. 5
(i) Ships and harbor craft.....	383. 0	490. 5	344. 0
III. Military and other construction.....	737. 0	1, 180. 0	951. 0
IV. Other operating costs.....	2, 662. 0	3, 262. 0	2, 613. 0
V. Other defense expenditures.....	2, 455. 0	2, 322. 0	2, 074. 0
Total.....	10, 983. 0	13, 949. 0	10, 620. 0

¹ Belgium-Luxemburg, Denmark, France, Italy, Netherlands, Norway, Portugal, United Kingdom.

It should be emphasized that a curtailment of defense production of this nature cannot be regarded as horse trading on the part of the European nations. It does not represent an attitude of "the more you do for us the more we will do for you." This curtailment is comparable instead to the retrenchment forced on an individual living at the limit of his resources who has to readjust his expenditures when confronted with a substantial loss of income.

Dollars for defense support must be provided if European factories are to work on armament.

The allocation of defense support funds to countries proposed by the Mutual Security Agency in its request for authorization is as follows. These figures are tentative and represent no commitment.

Denmark.....	20,000.0
France.....	420,000.0
Germany (Federal Republic).....	160,000.0
Greece.....	145,200.0
Iceland.....	1,000.0
Italy.....	110,000.0
Netherlands.....	80,000.0
Norway.....	10,000.0
Turkey.....	70,000.0
United Kingdom.....	590,000.0
Yugoslavia.....	78,000.0

2. Technical assistance

(a) *Bilateral (secs. 4 (b), 5 (b), 6).*—The larger portion of technical assistance programs in which the United States is engaged are carried out under the Act for International Development. United States policy, as expressed in that act, is—

to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital.

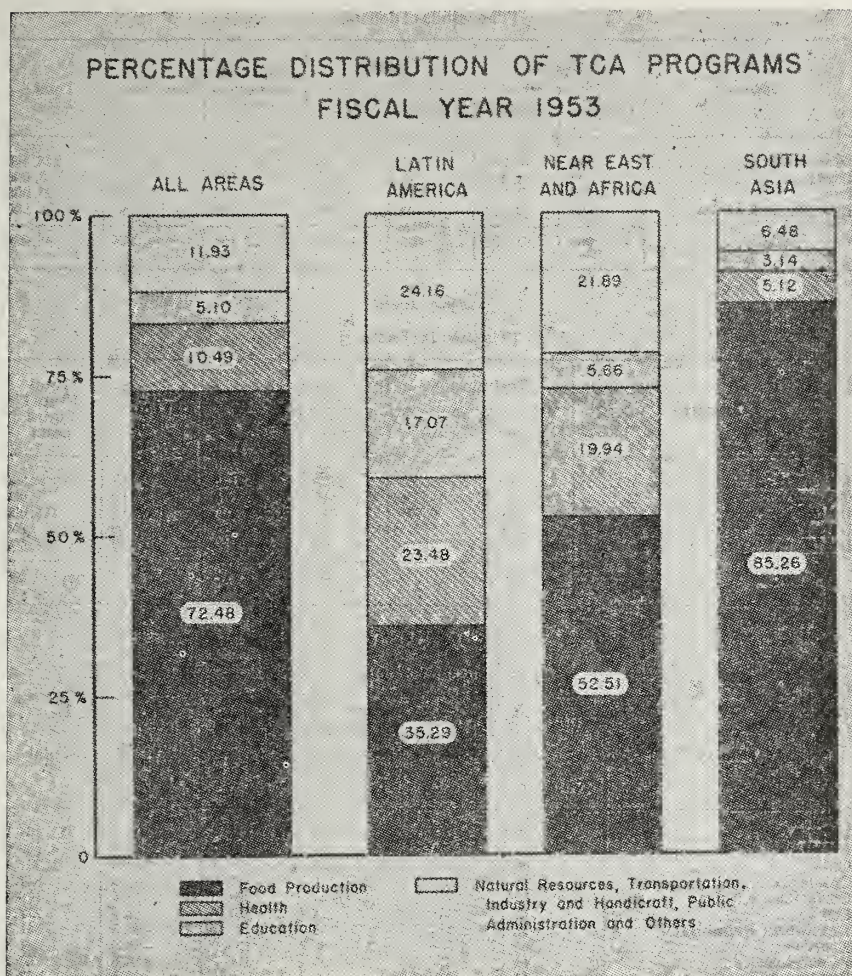
The Act for International Development became law in June 1950. Pursuant to Executive order, the Secretary of State, in October 1950, established the Technical Cooperation Administration (TCA) to plan, implement, and manage the technical cooperation (Point IV) programs. With an appropriation of \$25,000,000 TCA embarked upon programs in the Near East and the Far East. In November 1951 the Institute of Inter-American Affairs (IIAA), a Government corporation, was made the regional office of TCA "for the conduct of programs in the other American Republics." Thus, TCA now conducts programs in the Near East and independent Africa (title II), South Asia (title III), and Latin America (title IV).

TCA is now completing its second year of activities under an appropriation of \$140,000,000 for the three areas. The request for fiscal 1953 is \$227,000,000—\$55,000,000 for the Near East, \$150,000,000 for south Asia, and \$22,000,000 for Latin America. This request for increased funds led the committee to examine most thoroughly the programs and operations of TCA.

The Point IV programs are designed to help peoples to help themselves. If they are shown how to do something and are convinced it is better than what they have been doing, they will accept it. TCA is a "grass roots" approach to human improvement. The most pressing problems of peoples in the underdeveloped countries are those of food, health, and education. Hence the Point IV programs are

geared primarily to increased food production, improved health, and better education.

The following graph shows the proposed distribution of funds for fiscal 1953.



TCA programs are not "give away" programs. If anything is given away, it is the knowledge and techniques we possess and believe will be helpful to others. They are not commodity programs. The major effort has been on the recruitment of United States technicians and the training of local people. In the last analysis, it is people that will determine the success or failure of our efforts.

To get the job done, however, requires supplies and equipment. A doctor needs at least a little black bag. An agricultural expert requires more than seeds. There is always the possibility that supplies and equipment will overshadow other elements of TCA activities.

The committee therefore analyzed all the components of TCA programs. The following tables give the breakdown for fiscal 1953 for each of the three areas.

Near East and Independent Africa

[Thousands of dollars]

Country	Technicians		Trainees		Supplies and equipment	Local costs	Total
	Number	Cost	Number	Cost			
Arab states.....	494	\$6,653	427	\$2,135	\$8,227	\$6,485	\$23,500
Israel.....	86	1,200	75	375	1,425	-----	3,000
Iran.....	220	3,520	119	595	11,900	8,985	25,000
Independent Africa.....	168	2,523	44	91	798	88	3,500
Total.....	968	13,896	665	3,196	22,350	15,558	55,000

South Asia

[Thousands of dollars]

Country	Technicians		Trainees		Supplies and equipment	Total United States costs
	Number	Cost	Number	Cost		
Afghanistan.....	28	\$362	25	\$125	\$313	\$800
Ceylon.....	18	256	15	75	119	450
India.....	467	6,779	341	1,705	106,516	115,000
Nepal.....	8	111	10	50	89	250
Pakistan.....	169	2,590	62	310	30,600	33,500
Total.....	690	10,098	453	2,265	137,637	150,000

Latin America

[Thousands of dollars]

Country	United States technicians		Trainees		Supplies, equipment and local costs	Total
	Number	Cost	Number	Cost		
Bolivia.....	77	\$914.1	35	\$148.4	\$404.7	\$1,467.2
Brazil.....	188	2,260.5	117	481.7	1,426.8	4,169.0
Chile.....	46	561.6	22	91.1	584.4	1,237.1
Colombia.....	38	425.5	36	150.5	261.4	837.4
Costa Rica.....	50	647.7	37	154.8	373.6	1,176.1
Cuba.....	14	177.8	12	51.6	48.2	277.6
Dominican Republic.....	16	182.7	9	38.7	120.3	341.7
Ecuador.....	63	808.3	43	184.9	388.2	1,381.4
El Salvador.....	41	486.4	36	150.5	130.6	767.5
Guatemala.....	14	173.6	-----	-----	63.4	237.0
Haiti.....	36	451.5	19	81.7	245.5	778.7
Honduras.....	35	429.2	22	68.8	360.6	858.6
Mexico.....	36	565.7	44	189.2	377.6	1,132.5
Nicaragua.....	47	553.8	16	68.8	286.7	909.3
Panama.....	43	522.2	30	129.0	423.7	1,074.9
Paraguay.....	59	735.0	15	64.5	413.3	1,212.8
Peru.....	92	1,125.2	67	288.1	714.5	2,127.8
Uruguay.....	22	269.0	25	90.8	176.0	535.8
Venezuela.....	9	121.0	5	21.0	30.0	172.0
Regional.....	71	892.6	21	39.6	373.4	1,305.6
Total.....	1,017	12,303.4	611	2,493.7	7,202.9	22,000.0

In order that the House may have before it a brief analysis of the 1953 programs the committee offers this summary of projects by field of activity and type of cost of programs in the three areas.

Near East and Independent Africa

[Thousands of dollars]

Field of activity	Technicians		Trainees		Supplies, equipment, and local United States costs	Total
	Number	Cost	Number	Cost		
1. Agriculture, forestry, and fisheries.....	282	\$4, 160	187	\$920	\$11, 903	\$16, 983
2. Health and sanitation.....	197	2, 896	148	626	6, 648	10, 170
3. Natural resources, public works, and transportation.....	145	2, 079	104	520	11, 338	13, 937
4. Education.....	75	1, 080	71	355	1, 501	2, 936
5. Industry, handicraft, and housing.....	61	864	57	285	4, 919	6, 068
6. Public administration and government services.....	62	880	82	410	744	2, 034
7. Joint economic commissions and surveys.....	146	1, 937	16	80	855	2, 872
Total bilateral technical cooperation.....	968	13, 896	665	3, 196	37, 908	55, 000

South Asia

[Thousands of dollars]

Field of activity	Technicians		Trainees		Supplies and equipment	Total
	Number	Cost	Number	Cost		
1. Agriculture, forestry, and fisheries.....	364	\$5, 290	238	\$1, 190	\$42, 680	\$49, 160
2. Health and sanitation.....	75	1, 120	43	215	5, 012	6, 347
3. Natural resources, public works, and transportation.....	67	976	78	390	47, 422	48, 788
4. Education.....	64	965	46	230	3, 472	4, 667
5. Industry, handicraft, and housing.....	54	781	28	140	38, 579	39, 500
6. Public administration and government services.....	12	174	20	100	1	275
7. Joint economic commissions and surveys.....	54	792	-----	-----	471	1, 263
Grand total, bilateral technical cooperation.....	690	10, 098	453	2, 265	137, 637	150, 000

Latin America

[Thousands of dollars]

Field of activity	United States technicians		Trainees		Supplies, equipment and United States local costs ¹	Total
	Number	Cost	Number	Cost		
1. Agriculture, forestry, and fisheries.....	361	\$4, 504	130	\$489	\$2, 832	\$7, 825
2. Health and sanitation.....	194	2, 265	84	361	2, 103	4, 729
3. Natural resources, public works, and transportation.....	88	1, 049	122	524	295	1, 868
4. Education.....	158	1, 793	75	323	1, 372	3, 488
5. Industry, handicraft, and housing.....	49	530	27	97	310	937
6. Public administration and government services.....	79	964	173	700	25	1, 689
7. Joint economic commissions and surveys.....	88	1, 198	-----	-----	266	1, 464
Grand total, bilateral technical cooperation.....	1, 017	12, 303	611	2, 494	7, 203	22, 000

¹ Includes also United States contributions to joint operating funds.

On the basis of these figures about \$44,250,000 is earmarked for personnel and \$182,748,000 for supplies and equipment. To put it another way, \$1 spent for men is matched by \$4 for material. In examining the particular projects, country by country, the committee was impressed by the heavy outlays for supplies and equipment in some countries, notably India and Pakistan. This suggests a strong movement toward a commodity program at the expense of an exchange of technical skills. The committee expects that those administering TCA programs will show a firm determination that supplies and equipment, even though supporting technical assistance programs, will be reduced.

Little evidence was offered that TCA officers have weighed too carefully the absorptive capacity of a country. The basis for technical assistance should not be what a country wants or needs; both of those are limitless. The criterion must be what a country can absorb. A country may enthusiastically embark upon an array of programs it needs and wants but that it cannot maintain without continued assistance from external—principally United States—sources. A half a loaf is better than no bread. The same satisfaction is not derived from half an irrigation system.

The committee shares the concern of Secretary Acheson who recently gave emphasis to this point. Speaking of the desires of other peoples, he observed that—

* * * they must take it in through their mind and through the training of their hands. And this cannot be done overnight. This is a long process.

Then there is the confusion in their minds as to what they want. Some want one thing and some another. Very often they haven't the real knowledge to understand what it is that they really need at the moment. There is a great desire in every part of the world for industrialization and there is very little understanding of how dangerous that is until there is in sight a strong agricultural base.

I think in all the times that I have talked with visitors from foreign countries since the war and, indeed, during the war, everyone who has come into my office starts out with, "We would like a steel mill." Well, they want a steel mill in every single country in the world. It makes no difference whether they have ore or coal or anything else. The steel mill is the mark of civilization, and that is what they want.

Now, it's not a question of pouring vast sums of money and vast numbers of technicians into these areas. It couldn't be done if we wanted to do it. Sometimes I have been in meetings where people talk about billions of dollars or hundreds of thousands of technicians being poured all over the world. Those people never stop to think of where the technicians are going to sleep and what they are going to do. The mere question of housing of the missions which are already being sent out is a serious one in parts of the world where there aren't many houses. This thing has got to be done sensibly.

It was never intended that the United States would bear the entire costs of these programs. The Act for International Development makes assistance conditioned upon the payment by the recipient country of "a fair share of the cost of the program." This is a fixed conviction capable of a flexible interpretation. The TCA has submitted the following statement on the matter of contributions by recipient governments:

CONTRIBUTIONS BY THE HOST GOVERNMENTS TO THE COSTS OF THE TECHNICAL COOPERATION PROGRAMS

The technical cooperation programs are designed to act as catalysts in the development of the economically underdeveloped countries. They are intended to assist the host government's efforts, and particularly to increase and guide such efforts, in developing the countries' resources. The Act for International Development requires that the country being assisted shall pay a "fair share" of the cost of the program. In all our operations, therefore, we are attempting to secure as large a contribution as possible from the host governments.

The amounts which the host governments contribute to the different projects vary a great deal depending on the nature of the project, the budgetary position of the country, and the length of time cooperative programs have been carried on with a country. Where we send a technician to advise a ministry on setting up a census bureau, for example, the local costs involved are minimal and may consist only of necessary working space, office supplies, and clerical and other support personnel. In case of an irrigation project, on the other hand, supplies and labor financed with local funds may constitute the major share of the cost. Again, in a country with relatively meager resources, we may have to finance more of a project, to assure that it is carried out effectively, than in a country which has relatively ample financial resources.

Another factor which affects the share of a project's cost which the host government may finance is the length of period during which a cooperation program has been in existence with that government. In Latin America, where we have been carrying on programs for about 10 years, as the countries came to appreciate the contributions which our assistance has made to their economies, the local share of the contributions to the costs of the programs has been increasing. For Latin America as a whole, for example, our contribution in 1943 was more than five times as great as the contributions of the host governments. Five years later, the host governments' contributions exceeded our contributions, and in 1951 their contributions were almost three times as large as ours. The estimated shares of the Latin-American countries in the costs of the proposed programs for fiscal 1953 is shown in the attached table. For the area as a whole it will be seen that the contributions of the host governments to the joint funds are expected to be more than three times as great as the United States contributions.

The programs in the other areas are still in the beginning stages and therefore no comparable figures are available on the contributions of the host government to the programs. In some countries, as in India and Pakistan, the agreements provide joint funds which require these governments to contribute to these funds amounts at least equal to the United States contributions. It is expected, however, that the actual contributions in both countries will be substantially higher than the 1 to 1 ratio. In the Near East the situation for contributions to the cost of projects is generally somewhat less favorable than in the other areas. In the current year in particular, because the programs would be initiated after the local budgets have already been established, several of the governments have found themselves in a difficult position to match our contributions. According to the agreements in setting up joint operating funds in several of these countries, however, they will in the future contribute at a 1 to 1 ratio to these funds. In other countries our contribution to the cost of the projects will be primarily for the cost of technicians, trainees, and only such minimal supplies as are required by the technicians to enable them to carry out their work effectively.

Israel is required to match the United States contribution for the economic aid it receives in the current year, and the distribution of the Israeli contribution in local currency will be determined jointly by the Israeli and the United States Governments. Part of this fund will be used for development projects. For the present, due to the unfavorable financial situation in Iran, the contribution of the Iranian Government to the projects in the 1952 programs will be considerably less than would be expected under normal conditions. With the resumption of the operation of the oil industry, however, it is expected that Iran's contribution to the technical cooperation program will approximate our share of the cost.

In Liberia, as in Latin America, we have carried on technical cooperation programs over a period of several years. Since the beginning the Liberian Government has increased its share of the cost of the programs, so that it is now about six times as large as the United States share. In Ethiopia, where we are currently undertaking a joint operation, it is expected that the contributions of the two Governments to the joint account will be at a 1 to 1 ratio.

The contributory status of countries in the Near East and South Asia is like that of the Latin-American countries in the early days of technical-assistance programs. The governments are obligated to supply office space, communications facilities, land for demonstration purposes and other essential services. Their financial obligations are contingent upon internal-budget readjustments to take account of the new program and upon the availability of sufficient funds. Because of the late start of the fiscal year 1952 program negotiations are under way with several of them to include or to increase the sums in their current budget. Negotiations for fiscal year 1953 contributions have been started. The administrative organization for the program operations has not been completed in all countries, and the role and contributions of appropriate ministries or other government agencies is not always well-defined.

The Mutual Security Agency administers the programs in southeast Asia—Formosa, Indochina, Thailand, the Philippines, Indonesia, and Burma. The administration has requested \$245,000,000 for fiscal 1953 for these country programs plus an unallocated sum of \$13,000,000 for a basic materials development fund. The programs in the first four of the above countries are designed to give economic support to the military aid programs which the United States is carrying on in them. In addition to technical assistance which forms only a small part of the total program, there are projects for economic development involving reconstruction and rehabilitation. Provision is also made for "common-use" imports and joint-use transport facilities to increase and sustain military strength and to buttress the economic foundations under that strength.

This is an area particularly sensitive to Communist threats, both internal and external. The governments are weak from the ravages of war and, for the most part, relatively young. It is believed that strong support by the United States in this juncture of their national lives will enable them to counter successfully further Communist pressures. Since there are no mutual defense programs in Burma and Indonesia, such technical assistance as they will receive after June 30, 1952, will be administered by TCA.

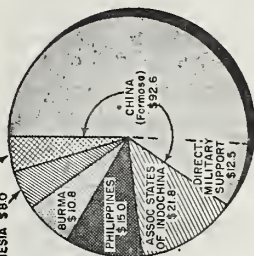
MSA FAR EAST PROGRAMS

BASIC MATERIALS DEVELOPMENT FUND
(UNALLOCATED)
\$15

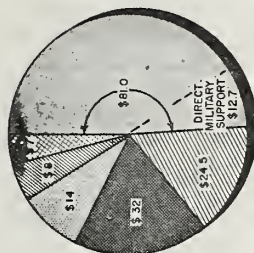
BY
COUNTRY

Millions
of
Dollars

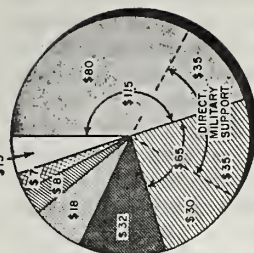
THAILAND \$9.9
INDONESIA \$9.0



FY 1951 - \$157.1



FY 1952 - \$166.5

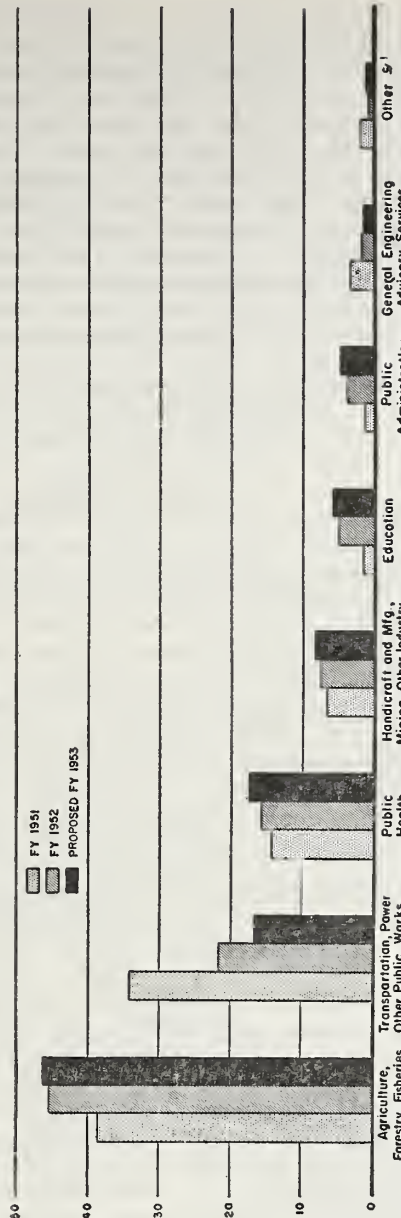


PROPOSED FY 1953 - \$258

BY
TYPE
OF
PROJECT

Percentage
Distribution
of Total for
6 Countries

FY 1951
FY 1952
PROPOSED FY 1953



Excludes \$92 million unallocated by country.
Percent of total dollar cost allocated. Includes commodities in category "maintenance of essential supply" and Basic Materials Development Fund projects. For dollar values, see table on page 11.
Emergency war relief (Associated States of Indochina)

(b) *Multilateral (sec. 10)*—Section 10 of the bill provides an authorization of \$17,000,000 for contributions under the provisions of the Act for International Development to international organizations for technical cooperation programs. Some 50 nations have joined together in projects to provide technical assistance to underdeveloped countries on an international basis. The committee was told that the bilateral technical assistance program of the United States is carried on in close cooperation with the multilateral program, and that the two programs complement each other. Of the \$17,000,000 authorized, \$1,000,000 is expected to be contributed to the Organization of American States and the balance to the United Nations.

The following table shows how the total technical assistance program funds of the United Nations are to be divided:

United Nations program of technical assistance—Estimates for United Nations and specialized agencies by geographic region, calendar 1953

Agency	Title I— Europe	Title II— Near East and Africa	Title III—Pacific		Title IV— American Republics	Total
			South Asia	Southeast Asia		
Food and Agricultural Organization.....	\$470,000	\$2,712,000	\$1,260,000	\$1,134,000	\$1,913,000	\$7,527,000
International Civil Aviation Organization.....	36,000	398,000	190,000	171,000	87,000	900,000
International Labor Organization.....	328,000	681,000	638,000	574,000	676,000	2,856,000
International Telecommunications Union.....		79,000	83,000	75,000	51,000	200,000
United Nations.....	185,000	1,290,000	977,000	880,000	2,589,000	5,970,000
United Nations Education, Scientific, and Cultural Organization.....	129,000	906,000	905,000	815,000	827,000	3,637,000
World Health Organization.....	202,000	2,293,000	926,000	834,000	1,398,000	5,710,000
World Meteorological Organization.....		79,000	83,000	75,000	51,000	200,000
Total.....	1,350,000	8,438,000	5,062,000	4,558,000	7,592,000	27,000,000

United Nations program of technical assistance—Estimates by fields of activity, calendar 1953

Activity	Experts		Fellowships		Supplies and materials	Total
	Number	Cost	Number	Cost		
1. Agriculture, forestry, and fisheries.....	295	\$3,628,500	320	\$1,024,000	\$2,046,500	\$6,699,000
2. Health and sanitation.....	222	2,730,600	245	784,000	1,568,200	5,082,800
3. Natural resources, public works and transportation.....	92	1,131,600	100	320,000	559,000	2,010,600
4. Education.....	103	1,266,900	111	355,200	635,000	2,257,100
5. Industry, handicraft, and housing.....	149	1,832,700	160	512,000	915,100	3,259,800
6. Public administration.....	192	2,361,600	205	656,000	648,500	3,666,100
7. Joint economic commissions and surveys.....	62	762,600	52	166,400	125,600	1,054,600
Administrative costs.....						2,970,000
Total.....	1,115	13,714,500	1,193	3,817,600	6,497,900	27,000,000

United States share, 60 percent.

3. *Refugees and immigration (sec. 4 (c))*

(a) *Arab refugees.*—Since the Congress last considered the problem of Arab refugees their number has decreased only 25,000—from 875,000 to 850,000. The immediate problem is still one of relief. At the General Assembly meeting last fall approval was given (the Soviet block abstaining) to a program seeking a solution of the refugee problem within a 3-year period, beginning in July 1951 and ending June 1954. The over-all plan of the United Nations Relief and Works Agency for Palestine refugees (UNRWA) calls for the reintegration of 150,000 refugee families into the near-eastern economy. Some 90,000 of these families are of rural background and might be resettled on the land at an estimated cost of \$1,900 per family. The remaining 60,000 families made their living in urban and village communities in Palestine where the wage-earning members were skilled and semi-skilled workers and artisans. Training and placement services will be used to help these people find suitable employment for their particular talents. This aspect of the program will cost on the average about \$500 per family.

If circumstances permit, commitments under this reintegration program are expected to reach \$50 million for the first year, \$100 million the second year, and \$50 million the third year. As reintegration progresses, it is hoped to cut back relief expenditures from \$27 million in the first year to \$18 million in the second year and \$5 million in the third year.

From the beginning of the original United Nations relief program in 1948 to the end of 1951, total governmental contributions and pledges amounted to \$153 million. Of this sum, United States contributions and pledges amounted to \$93,450,000 or 61 percent.

For the fiscal year 1953 the committee recommends \$65 million toward a total budget of \$118 million. In view of the magnitude of the \$250 million 3-year program, and the difficulties in raising this large sum, it is possible that the proportionate contribution of the United States to the program may rise to a larger percentage than in the past. In no case should the United States share exceed 70 percent of the total contributions of other governments, which is the percentage administratively determined for the current fiscal year. Since the inception of the program, 43 countries have contributed either cash, supplies, or services. The United States is continuing its efforts, both through diplomatic and United Nations channels, to obtain the widest and most generous possible support.

United States payments toward the reintegration program will only be made as firm plans for resettlement are proposed by the Agency and accepted by the countries concerned. Such resettlement plans must be accompanied by corresponding reductions in the relief rolls of the Agency. It may be noted that the Arab League and the Arab delegations to the United Nations are on record as favoring the proposals of the Agency. It remains to find specific projects that will be acceptable to these countries, to the refugees, and to the United States.

The United States is not committed to a perpetuation of relief in this area. Negotiations with the states in this area have reached a point where the United States has reason to expect a convincing demonstration of constructive accomplishment this year.

(b) *Immigration into Israel.*—The core of Israel's problem is the inadequacy of its agricultural and industrial resources to support its growing population. Of the 669,000 immigrants who have entered

the country since 1948 about 273,000 have been assimilated with respect to employment and housing. About 396,000 are in various degrees of assimilation. The diminution of immigration in the last 6 months gives some promise of relieving the problem.

Israel's critical financial situation arises from its efforts to remove the refugees from relief and make them into productive citizens. Foreign-exchange reserves have been exhausted and it is living from day to day on its receipts and short-term borrowings from abroad. Prices are soaring and its industry is crippled by the inability of the Government to supply foreign currency for the purchase of raw materials for processing.

For the current year Israel has received \$63,500,000 from the United States for relief, resettlement, and economic development. About 78 percent has been applied to relief and resettlement programs and 21 percent to economic development.

This bill carries \$76,000,000 for next year's program. Again the major emphasis will be on relief and resettlement with about 70 percent devoted to those purposes. The relief will be supplied partly in the form of foodstuffs and fodder for livestock, and partly in the form of materials for clothing. Funds for resettlement will be used for housing and farm building construction, and the importation of seed, fertilizers, insecticides, farm machinery, livestock, and other necessities, including medical facilities and fuel supplies. The remaining 30 percent will permit a continuation of assistance in expanding and increasing the efficiency of industrial and agricultural facilities, power production, and transport.

The \$76,000,000 carried in this bill should do much to contribute to an alleviation of Israel's distress. While no terminal date for external assistance can be determined at this time, this money, together with the more than \$400,000,000 for assistance to Israel, given by United States citizens in their private capacity, should make possible an early target date for the completion of the resettlement program. As in the case of the Arab refugee program, the United States has reason to expect a convincing demonstration of constructive accomplishment this year.

(c) *Provisional Intergovernmental Committee for the Movement of Migrants from Europe (PICMME) (sec. 7 (l)).*—The provision leading to the establishment of PICMME originated in the Committee on Foreign Affairs and was adopted by the Congress. The organization is, in a sense, a creature of the Congress. A detailed analysis of its accomplishments is, therefore, in order. The proviso to paragraph (2) of section 101 (a) of the Mutual Security Act of 1951 reads:

Provided, That not to exceed \$10,000,000 of the funds made available pursuant to this paragraph [economic assistance to Europe] may be utilized to effectuate the principles set forth in section 115 (e) of the Economic Cooperation Act of 1948, as amended.

This provision is known as the Kelly amendment. The relevant portion of section 115 (e) of the Economic Cooperation Act of 1948, as amended, referred to by the Kelly amendment, reads:

The Administrator shall also encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized.

This sentence was added to the basic Economic Cooperation Act by section 106 (b) of Public Law 535, Eighty-first Congress.

The conference report on the 1951 act emphasized the intent of the Congress with respect to the proviso in these words:

The committee of conference wishes to make clear its intent that none of the funds made available pursuant to the proviso should be allocated to any international organization which has in its membership any Communist, Communist-dominated or Communist-controlled country, to any subsidiary thereof or to any agency created by or stemming from such organization. It is vital to the security of the United States and to the success of the surplus-manpower-emigration program that no international body with Communist influence receive any United States assistance for the purpose of such program (H. Rept. 1090, 82d Cong., p. 21).

In approving the new authorization of \$10,000,000 for United States contribution to the organization during calendar year 1953 and making possible PICMME's continuation, that intent is again made a basic premise of United States participation and contribution. It is with this in mind that the committee amended subsection 7 (l) of the bill under consideration by striking out the phrase in the proposed new section 534 "or to any successor organization." It is understood that the organization plans on changing its name by striking out the word "Provisional" in its title. The intention of the executive branch was to take care of such an eventuality by making it possible for the United States to participate and contribute to the organization "or to any successor organization." This phrase is not needed and is misleading. It is the express intention of the committee in approving this authorization that the United States participate and contribute to the organization whether the word "Provisional" appear in its title or not. Moreover, the words "or to any successor organization" might be misconstrued as authority for the executive branch to defeat congressional intent with respect to Communist membership. That is the thought behind the committee's amendment. The committee amendment, in addition, contains language to make sure that no United States funds are used to pay the salary (or expenses) of the Director General of PICMME if such officer has been at any time employed by UNRRA or IRO.

Largely due to United States initiative and efforts, PICMME was established in December 1951. It has already held two sessions, the first at Brussels in December 1951, and the second at Geneva in February 1952. To date the following countries have become members of the organization: Australia, Austria, Belgium, Bolivia, Brazil, Canada, Chile, Denmark, France, Germany, Greece, Italy, Luxembourg, the Netherlands, Switzerland, Venezuela, and the United States—making a total of 17. It is hoped that the following countries will join shortly: Norway, Paraguay, Sweden, Israel, Argentina, New Zealand and the United Kingdom. In February of this year PICMME took over 10 ships relinquished by the International Refugee Organization (IRO) for the movement of migrants. The projected movement of migrants in the approved plan for calendar year 1952 is as follows:

From—		To—	
Germany.....	67, 000	Canada.....	40, 000
Italy and Trieste.....	35, 000	United States.....	¹ 38, 000
Austria.....	16, 000	Australia.....	25, 000
The Netherlands.....	15, 000	Latin America.....	31, 000
Greece.....	4, 000	New Zealand.....	3, 000
Total.....	137, 000	Total.....	137, 000

¹ Represents ethnic Germans from Germany and Austria entering the United States under provisions of the United States Displaced Persons Act of 1948, as amended.

Thus far, 31,000 migrants have been moved as follows:

From—		To—	
Germany.....	22,000	Canada.....	2,000
Italy and Trieste.....	2,000	United States.....	24,000
Austria.....	5,000	Australia.....	3,400
The Netherlands.....	2,000	Latin America.....	1,500
		New Zealand.....	100
Total.....	31,000	Total.....	31,000

The budget of PICMME calls for the expenditure of \$41,350,660 for calendar year 1952. The United States contribution is \$10,000,000 (the amount appropriated in the Mutual Security Appropriation Act, 1952). \$5,000,000 has already been turned over by the United States to PICMME. The balance has been obligated. It is expected that the budget for calendar year 1953 will be about the same, with the possibility that with additional countries becoming members, this budget will be raised without raising the United States share. All countries are required as a condition of membership to contribute to the administrative expenses which, for calendar year 1953, will amount to \$2,359,000. For 1953, the number of migrants will be approximately the same as for 1952, with an increase in the number of migrants being moved to Latin America. Under present law, there will be little or no movement of migrants to the United States during calendar year 1953.

4. *Austria*

Austria is unique in that it is the only area in the world which is under four-power control and occupation (United States, France, the United Kingdom, and Russia). The country is divided into four zones. Despite this fact, it has, unlike Germany, a central government whose authority extends to all areas of the country. It supervises its own internal life and controls the police and local authorities in the four zones of occupation.

The control agreement of June 28, 1946, establishes the rights and privileges of the occupying powers. On October 16, 1950, United States responsibility for the occupation of Austria was transferred from the Army to the Department of State. Our interests in Austria are watched over by a High Commissioner, who also functions as the United States Ambassador to Austria. He, together with the French, British, and Soviet High Commissioners, sits in the Allied Council, which meets twice a month. The Council has original jurisdiction over certain matters as outlined in the control agreement, such as the security of the occupation, property questions, DP's, and the like. It also has a 31-day veto over laws passed by the Austrian Parliament, other than constitutional laws. Unless there is a unanimous veto by the Council, the laws passed by the Parliament become law 31 days after their promulgation.

In 1946, the United States started to negotiate a four-power treaty, which would reestablish Austrian independence and sovereign rights, and which would provide for the withdrawal of the occupation forces. That treaty is still under negotiation. There is no immediate prospect of its conclusion due to Soviet intransigence and unwillingness to withdraw from Austria.

In the national elections held since the end of World War II—in 1945, 1949, and 1951—and in the local elections, and in such things as

shop-steward elections, the Communist Party never obtained more than about 5 percent of the votes. This is generally true even in the area occupied by the Soviet military forces.

Since Austria is under four-power occupation, it has no armed forces of its own. It can have no army until the signing of the four-power treaty. It cannot join in the rearmament of Western Europe and hence is ineligible for military assistance under the Mutual Security Act of 1951.

From the standpoint of Western European security, Austria's primary importance lies in its strategic geographic location. It constitutes the easternmost salient of the free nations in central Europe, has common borders with two of the Soviet satellites (Czechoslovakia and Hungary), forms the southern flank of Germany, covers the northern boundary of Yugoslavia, and lies between Soviet Europe and Italy.

United States aid to Austria has been strictly economic. For fiscal year 1952, Austria will receive a total of \$120,000,000. Under this bill, \$86,000,000 is proposed for fiscal 1953. The maintenance of Austria as a politically free and independent country supported by a strong and relatively self-sufficient economy is the goal of the Mutual Security Program. The assistance proposed in this bill should prove to be a vital element in the achievement of that goal.

5. United Nations Korean Reconstruction Agency (UNKRA) (secs. 5 (d), (e), (f), and (g))

These sections are amendments to section 303 of the Mutual Security Act of 1951, which authorized funds for assistance to Korea through contributions to UNKRA. While no new authorization of funds is provided for, section 5 (d) makes it explicit that the authorization in last year's act for appropriations up to \$45,000,000 continues in effect for the fiscal year 1953. None of this amount was appropriated last year. Although the present language of section 303 of the Mutual Security Act of 1951 provides an authorization that is not limited to the fiscal year 1952, it is believed advisable, in view of the language of section 512, that "funds shall be available as authorized * * * each fiscal year," to make it clear that the authorization continues through fiscal year 1953.

Section 5 (e) is in effect a carry-over provision. It authorizes the extension through fiscal year 1953 of the availability of unexpended balances of funds made available last year by way of carry-over of unobligated cash balances of previous years' appropriations for aid to Korea. This amounts to approximately \$40,000,000. Should cease-fire arrangements be made before the middle of June 1952, the executive branch is of the opinion that the money presently available would be released in its entirety.

Section 5 (f) and (g) substitute a new provision for the present set-off provision in section 303 (b) of the Mutual Security Act of 1951. The existing language requires the United States contribution to UNKRA authorized by section 303 to be reduced by the value of relief assistance supplied to Korea after UNKRA starts operations in Korea. The new provision expressly authorizes the Department of the Army, when UNKRA assumes full responsibility for relief and rehabilitation in Korea, to turn over to UNKRA up to \$67,500,000 worth of the goods and services it has on hand or on

order for Korean relief, and it requires that the value of goods and services contributed to UNKRA from this Army "pipeline" be credited against the total amount the United States is pledged to contribute to UNKRA to the extent that the President determines such pipeline contributions should be made.

The UNKRA program fits into the pattern of mutual security and the principle of self-help which the Congress has emphasized in the Mutual Security Program. UNKRA's purpose is to help the Koreans in their own efforts to restore a self-sustaining economy. Its principal objectives are, according to the executive branch:

(1) To provide the minimum food, shelter, clothing, and medical services required to sustain life; (2) to assist in the development of agriculture, fisheries, coastal shipping, and mining so as to minimize food-import requirements and to maximize exportable surplus; (3) to assist in increasing the Korean production of goods and materials and in making the maximum use of indigenous resources; (4) to assist in measures designed to counteract the inflationary tendencies resulting from the war conditions; (5) to assist toward the achievement of economic conditions conducive to the maintenance of economic and political stability; and (6) to assist in the training of Koreans in technical skills in the fields of agriculture industry, public health, and education.

Should the truce negotiations in Korea bear fruit, it is felt that H. R. 7005 will permit the attainment of the above objectives on an efficient and productive basis with a minimum of delay.

V. SPECIAL PROBLEMS

A. PRIVATE ENTERPRISE

One of the basic principles which the Congress has emphasized in the statutes governing the Mutual Security Program is the importance of private-capital investment as a potent force in raising the economic and social standards of underdeveloped areas. Not only does private investment bring capital, but it also brings with it technical knowledge and management experience, so sorely needed. Further, it relieves the American taxpayer, in the long run, of the burden of governmental foreign aid where cooperative aid can be appropriately handled by private sources. Moreover, private capital offers a natural vehicle for close cooperation between private citizen and private citizen rather than between government and government, and hence is of special importance. There are several provisions in the law which deal with this principle, notably sections 516 and 520 of the Mutual Security Act of 1951, sections 403, 405 (c), 407, 409, and 410 of the Act for International Development, and sections 111 (b) (3) and 111 (c) (2) of the Economic Cooperation Act of 1948, as amended. They were seriously and carefully written by the legislative branch. It was, and is, intended that they be implemented. The committee is not satisfied that the Director for Mutual Security has exerted all the reasonable effort possible to implement those provisions. In amending section 516 of the Mutual Security Act, the committee makes more explicit in this bill its intent with respect to the role of private enterprise in building mutual security. It is not, of course, the objective of this program to benefit private capital. The point is that private capital has a definite place in the program which should be recognized by the executive branch and our partners in mutual security.

1. Increasing flow of private capital (sec. 7 (j))

Section 7 (j) of this bill amends section 516 of the Mutual Security Act by requiring the Mutual Security Agency, the Department of State, and the Technical Cooperation Administration to take certain steps essential to an increase in private capital flow. These agencies are to act under the coordination of the Director for Mutual Security, which accords with the basic administrative pattern of the Mutual Security Program. The Mutual Security Agency will have the job of conducting a thorough study of the legal and other impediments, foreign and local, to private investment abroad, and how those impediments can be removed or decreased. The committee is aware of the fact that the Director established on January 25, 1952, an interagency advisory committee to recommend ways and means of implementing section 516 (1) of the act. To date, however, no recommendations have been brought to the attention of the committee. The language of section 516, as amended, should produce a more fruitful study than that now being undertaken, especially where it is required that the study be made in cooperation with private business groups.

It is the idea of the committee that the required study should prove valuable to the jobs which the Department of State and the Technical Cooperation Administration are required to perform under the amended section 516. The Department of State is to take the study into account in accelerating a program of negotiating commercial and tax treaties, or other arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to recipient countries. Treaties of friendship, commerce, and navigation or economic development were signed in 1948 with Italy and in 1950 with Ireland, containing extensive provisions to assure the security of United States economic enterprises in those countries. One was signed with Uruguay in 1949 and is now awaiting ratification by Uruguay. The Uruguay treaty is a most desirable model to be followed. Treaties were concluded during 1951 with Colombia, Denmark, Greece, Israel, and Ethiopia, and are awaiting the advice and consent by the Senate to United States ratification. It is the desire of the committee that, where the usual commercial treaty may encounter undue delay in negotiation, the executive branch should resort to more expeditious or "short form" arrangements to speed up the negotiating process insofar as private capital is concerned.

In carrying out its programs, the TCA should intensify its implementation of the legislative mandate: "The participation of private agencies and persons shall be sought to the greatest extent practicable" (sec. 407, Act for International Development). Thus far the TCA appears to have given this provision a most gentle nod, where a push is required. The private contract record to date of the TCA (\$6,000,000) is small and includes only a slight amount for industrial firms (\$1,425,000). As a policy for the future TCA must increase its efforts to attract a greater private industrial participation in the Point IV program. To bring this point home to the TCA, the amendment requires the Administration "to encourage and facilitate a greater participation by private industrial groups or agencies" (which would include individual business firms) in private contracts awarded

by the TCA. The Administration is further required to find and draw the attention of private enterprise to opportunities for investment and development in underdeveloped areas. The TCA has a positive responsibility toward private capital in helping private capital do the job it wants, and can do, together with government—toward mutual security.

2. The guaranty program (secs. 7 (j) and 7 (l))

Section 520 of the Mutual Security Act reads:

Funds realized from the sales of notes pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be available for making guaranties of investments in accordance with the applicable provisions of sections 111 (b) (3) and 111 (c) (2) of the Economic Cooperation Act, as amended, in any area in which assistance is authorized by this Act.

The Mutual Security Agency states that out of the \$200,000,000 basic statutory authorization for guaranties a total of 37 industrial guaranties in the amount of \$33,686,104 had been issued under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, all for investment in European countries. Of these, 35 guaranties in the amount of \$32,408,704 covered the risk of inconvertibility of foreign currency receipts (including one forward contracting guaranty in the amount of \$550,000) and two guaranties in the amount of \$1,277,400 covered the risk of loss through expropriation or confiscation. As of March 15, 1952, there were pending 45 completed applications for convertibility guaranties in the approximate amount of \$50,000,000 and 18 applications for expropriation guaranties in the approximate amount of \$19,000,000. The Mutual Security Agency points out that no formal applications have been made other than for European countries. Guaranties have been issued to protect new investment in a variety of manufacturing industries in England, France, the Netherlands, Germany, and Italy; in two construction engineering firms in France; and in an agricultural project in Italy. Individual guaranties range in size from \$17,500 to \$14,500,000.

The section quoted above has raised in the executive branch questions concerning the scope of the investment-guaranty program authorized by this section. For example: Should it apply to any type of program authorized by the Mutual Security Act or should it extend only to the types of programs for which investment guaranties have hitherto been granted, except that now all areas of the world may be covered? The purpose of the provision is to broaden not only the area of coverage of the investment, but also the type of program. Thus, for example, a private investment in a Point IV country which is in line with the purposes of the Act for International Development may be given a guaranty. The Mutual Security Agency has stated that, under present criteria, in Latin America its guaranties would be used only to encourage investment which contributes directly to mutual defense programs. Such a criterion is narrow and overlooks the non-defense long-range security aspect of the Point IV program, as well as congressional intent. Section 7 (j) of the bill amends section 516 of the Mutual Security Act to make congressional intent unmistakable. The Mutual Security Agency is required, in cooperation with private business and Government agencies, to encourage a greater participation by private capital in the guaranty program, including programs consistent with the Act for International Development, and to this

end to develop broad criteria in place of the Agency's narrow ones. Such broad criteria should stimulate a greater and wider use of guaranties under any type of mutual security program, in keeping with congressional intent.

In this connection, to make certain that the investment and informational media guaranties continue after June 30, 1952, the committee in section 7 (l) of the bill added a new section (537) to the Mutual Security Act which will permit any department or agency of the Government designated by the President to exercise the guaranty-making authority beyond June 30, 1952.

3. International Finance Corporation (sec. 7 (l))

In its report on the Mutual Security Act of 1951, the committee pointed to one important potential means of stimulating the flow of private investment to the underdeveloped areas of the world—the establishment of an International Finance Corporation as an affiliate of the International Bank for Reconstruction and Development (IBRD). The committee had studied carefully and been impressed with the recommendations contained in the March 1951 report of the International Development Advisory Board (Rockefeller report) with respect to such a corporation. During its consideration of the present bill the committee had available the statement of the Honorable Nelson Rockefeller in amplification of the desirability of such a mechanism. According to Mr. Rockefeller, the Corporation would forward the following objectives:

1. It would encourage the growth of enterprise under the private control and management that has proved its strength and dynamic thrust in the United States, instead of encouraging the further encroachment of Government operations upon fields to which that form of control is ill-adapted.

2. It would give further evidence of the willingness of the United States to act through international agencies instead of proceeding exclusively upon a bilateral approach. This has the advantages of strengthening the international structure to which we are committed, and of encouraging other nations to share a burden that, far too frequently, has been accepted as the exclusive responsibility of the United States.

3. The program follows the sound principle of extending the existing resources of an established institution for functions of the type that it has demonstrated its competence to perform effectively instead of building up expensively wasteful, duplicative machinery. It assures that the United States funds committed will be managed by an agency that has an established record of operating upon sound business principles rather than upon political motivations. The IBRD record is excellent with respect to the selection of genuinely productive projects that have prospects both of economic solvency and of making constructive contributions to the economies of which they are a part.

4. The project will be effective in providing equity capital for sound enterprises in capital-short areas, under restrictions to assure that the control and the management functions will be kept in private hands. There is further assurance of the intent to avoid government control in the principle of encouraging private local capital to buy out the International Finance Corporation's equity interests as soon as a project is well launched. This pattern of operations will stimulate the establishment of local private capital markets for productive enterprises, which is one of the prime needs in most underdeveloped areas.

5. The power to make both equity investments and loans will enable the International Finance Corporation to achieve maximum flexibility in financing, or supplementing the financing, of worthy development projects. It will make it possible to work out the most satisfactory combination of junior and senior obligations, the proper ratio of debt and equity capital, and the desired balance between local and foreign participation. It is particularly important to avoid overburdening the capital structures of new ventures with fixed obligations, a condition that is highly prejudicial to the successful initiation of business enterprises.

6. Well-selected equity investments may be expected to return to the International Finance Corporation income yields substantially higher than the IBRD can realize under its existing form of operations. Such returns, together with additional capital gains from the sale of equity holdings in successful ventures, will allow the International Finance Corporation to assume certain exchange risks in soft currency areas and to operate without the Government guaranties that have been a necessary requirement of IBRD loan operations. Thus, the new agency will have a degree of freedom in supporting privately owned and managed business ventures without subjecting them to Government sanctions and controls inevitable when Government guaranties are required.

The committee amended section 7 of the bill by adding a new section (535) to the Mutual Security Act, which provides the opportunity for and encourages the creation of an International Finance Corporation. The new provision permits up to \$100,000,000 of defense support, economic and technical assistance funds to be used for subscription to the capital of the corporation. The purpose of the amendment is to increase the participation of private enterprise and investment in developing the resources of the areas covered by the act and to mobilize local capital for such development and investment.

This provision, linked together with the other private enterprise provisions written into the bill by the committee, should provide better machinery for utilizing the facilities and experience of private enterprise as an arm of the mutual-security effort, and to further the economic and technical assistance phases of the Mutual Security Act.

4. Counterpart (sec. 9 (b))

In spite of the fact that the countries which have received United States aid in the past have made substantial economic progress and that those damaged by war have shown a remarkable recovery, the standard of living of the masses of the people in most countries has not shown a corresponding improvement. In an effort to approach this problem, the Congress last year included in the Mutual Security Act section 516 which requires that the act be administered so as to encourage private enterprise to develop the resources of foreign countries, to discourage cartel and monopolistic practices and to encourage the development of free labor unions.

The fact that European labor is worse off than it was before the war in many countries which have benefited from United States economic assistance is indicated by the following table:

Real hourly earnings of industrial workers in selected European countries, 1938-51

[1938=100]

Country	1948 average	June 1950	June 1951
Austria, Vienna.....	87	84	85
Belgium.....	96	111	110
France, Paris ¹	63	² 71	² 81
Germany, Bizone.....	81	103	112
Italy.....	112	117	117
Netherlands.....	102	95	93
Norway.....	113	120	119
Denmark.....	119	123	122
United Kingdom.....	129	132	133
Sweden.....	134	144	145

¹ With family allowances included, French figures are as follows: 1948 average, 89; June 1950, 92; June 1951, 107.

² October.

Source: BLS. Family allowances not included.

In order to stimulate action in accordance with section 516, provision is made in this bill that the equivalent of \$100,000,000 of counterpart funds shall be used exclusively in programs furthering the objectives of section 516.

B. PERSONNEL (SECS. 7 (C) AND 7 (D))

In order that the House may have before it the figures on personnel employed in carrying out the Mutual Security Program the following tables are submitted. These figures are as of January 31, 1952.

	Employed by—					
	ODMS	MSA	State	TCA	Defense	Total
In United States.....	59	1,157	329	892	30,062	32,499
Overseas:.....						
American.....		1,404	472	681	5,109	7,666
Non-American.....		2,885	1,073	284	1,671	5,913
Total.....	59	5,446	1,874	1,857	36,842	46,078
	Paid from—					
	ODMS	MSA	State	TCA	Defense	Total
Administrative funds.....	58	2,014	801	931	6,324	10,128
Program funds.....	1	547		832	25,731	27,161
Local currency.....		2,885	1,073	44		4,002
Defense Department.....					4,787	4,787
Total.....	59	5,446	1,874	1,857	36,842	46,078

¹ Salaries and expenses of military personnel in United States and overseas are not charged against administrative costs. Station allowances for overseas personnel are paid from administrative funds or from contributed local currency. Travel and transportation of dependents are charged to administrative funds. Non-American civilians are hired for MAG's by Department of State and paid in local currency. They are carried under Department of State.

The Mutual Security Act of 1951 reduced the personnel of the Mutual Security Agency by 10 percent. But the MSA is only one of several agencies engaged in carrying out the act. The State Department, the Defense Department, and TCA also come within the scope of its provisions. Hence the committee gave close scrutiny to all the personnel engaged in the administration of the law. It interrogated witnesses and sought the advice of the executive branch on a reduction in numbers. Those paid from local currency are aliens. The local currency constitutes no charge against the United States. Personnel paid from program funds are numerically the largest. To effect a reduction in their numbers, however, appeared to work undue hardship on the programs. They include such diverse groups as technicians working on Point IV programs and ungraded civilian workers employed in arsenals and Government yards. Many of the latter group are on a daily or hourly pay basis. In the case of technicians a cut-off date would place a heavy burden on TCA. Its personnel strength is still far short of the targets that the Congress has approved.

The committee has recommended a 10-percent reduction in military personnel and those paid from administrative funds, with certain exceptions. It is estimated that this provision will result in a reduction of over 1,000 people.

Unless care were taken in writing this amendment, the last employed would be the first discharged. This was not the primary objective of the amendment. The committee was desirous of eliminating the drones. It therefore gave careful attention to the language of the proviso. In order that the reduction may be carried out without any loss of effectiveness the Director for Mutual Security is to distribute the cut among the various agencies. The head of each agency is thereafter to determine in his own discretion which employees he will retain as most capable of carrying out the program, without regard to existing statutes, regulations and procedures for reduction in force.

Last fall the Congress cut the number of supergrades from 100 to 50. Under the terms of the Mutual Security Act these were made available only to employees of the MSA. Individuals in other agencies have responsibilities commensurate with those of MSA. The committee therefore recommends (sec. 7 (c)) that these positions be made available to employees in the United States in the Departments of State and Defense and the Technical Cooperation Administration engaged in carrying out the several programs authorized by this act. Such distribution will be the responsibility of the Director for Mutual Security.

C. ESCAPEES

Section 101 (a) (1) authorizes the use of up to \$100,000,000 of title I funds to form selected persons who have escaped from certain Communist-dominated countries or areas in Europe into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes when the President determines that such assistance will contribute to the defense of the North Atlantic area and to the security of the United States. The bill makes no change in this provision.

The main purpose of this provision is to give those who have escaped from the tyranny of communism and risked their lives for freedom an opportunity to play a part in the defense of freedom and liberty. It was made clear in the debate last year that this provision of section 101 (a) (1) is discretionary, and, in the event military elements were formed, the principle of volunteering should be adhered to. The executive branch is considering ways and means to implement this provision.

Despite the strict border control exercised by the Communist-controlled countries, a few hundred Balts, Poles, Czechs, Slovaks, Rumanians, Bulgarians, Hungarians, Ukrainians, Russians, and Albanians continue to risk their lives each month to take refuge in the west. The free countries bordering on the iron curtain, together with some help from private voluntary organizations, have carried the responsibility for providing food and shelter for these destitute people. These countries cannot carry this burden alone for they not only have their own problems of overpopulation, but must also take care of the large number of their compatriots and others of the same ethnic origin who have been expelled or have escaped from the iron curtain areas since the end of the war. The committee notes that under the authority granted in section 101 (a) (1), the executive branch has developed and the President has approved a program of \$4,300,000

to help ameliorate the conditions of those who have escaped from behind the iron curtain.

The committee calls the attention of the House to the efforts made by the Soviet Union and her satellites to misrepresent the intention of Congress in passing this provision of the Mutual Security Act of 1951. At the United Nations General Assembly meeting in Paris last fall, the Soviet representative charged that it was the purpose of the United States under this provision to interfere in the domestic affairs of the Soviet Union and the satellite states. Mr. Vishinsky even claimed that the intention was to organize hostile armed forces inside the Soviet Union. Subsequently, the Soviet Union and the states under her control sent notes to the same effect to the State Department.

These misrepresentations and charges were answered by the Honorable Mike Mansfield and the Honorable John M. Vorys, members of the committee, at the General Assembly meeting which they attended as United States delegates, and by the State Department in replies to the notes from the Soviet Union and her satellites.

These replies pointed out the hypocrisy of the Soviet Union in making these charges, when, as everyone knows, the Soviet Union is notorious for interfering in the internal affairs of every nation in the world, spreading subversion, fomenting dissension and insurrection, engaging in espionage and sabotage, and carrying out a policy of naked aggression and annexation. In the words of the Honorable Mike Mansfield in the General Assembly:

* * * The Soviet Union has raised domestic interference to the status of an international profession providing employment to many thousands of people. The American people and many other people have spoken out against this interference * * *. Until the eastern European countries are once again independent, and in control of their own interests and destinies, Americans will continue to speak out against the tyranny imposed upon them.

It is not an act of aggression, Mr. Chairman, to hope that a people in chains will one day be free. It is not an act of domestic interference to express that hope in public.

This hope of ours that freedom and independence will be world-wide is shared with many millions of people. For Americans, this hope is anchored deep in our own national philosophy. We abide by the self-evident truths stated in our own Declaration of Independence; that governments derive their just powers from the consent of the governed; that when government becomes destructive of these ends, it is the right of the people to alter or abolish it, and to institute new government.

The American people have no intention of repealing the Declaration of Independence.

We wish to see the day when all people who have sought asylum with the free nations will have the chance to return peacefully to their homes and start their lives anew in the country of their birth.

The United Nations accepted the explanation of congressional intent given in the General Assembly by Members of Congress who were delegates, rejected the explanation given by the Soviets, and dismissed the Soviet charges.

D. CONDITIONS AND ELIGIBILITY (SEC. 7 (G))

Countries which receive assistance under the Mutual Security Act of 1951 are required by section 511 of that act to agree to certain specified conditions in order to be eligible for such aid. Two sets of

conditions are provided. Countries receiving economic or technical assistance only (not military) are required merely to—

join in promoting international understanding and good will, and in maintaining world peace, and to take such action as may be mutually agreed upon to eliminate causes of international tension.

Countries which receive military assistance are required to agree, in addition to the conditions just enumerated, to the following:

Fulfill the military obligations which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

Make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

Take all reasonable measures which may be needed to develop its defense capacities; and

Take appropriate steps to insure the effective utilization of the economic and military assistance provided by the United States.

Although there have been a number of press reports of delays encountered in negotiating these agreements and some editorial comment to the effect that the conditions imposed are too onerous, at present no country is being denied aid because of its refusal to accept the conditions provided in section 511. Military assistance to Iran was held up until April 24, 1952, when an informal agreement was reached which was held to meet the requirements of section 511 (a). Iran has not been willing to sign a formal agreement conforming with the exact language of section 511 (b). It has been held by the executive branch, on the basis of a letter from the Premier to the United States Ambassador, thanking the United States "most gratefully for any kind of assistance which you consider suitable," promising to "endeavor to insure effective utilization of such assistance," and stating:

I desire to point out, without assuming any new obligation, that the Government of Iran as a signatory of the Charter of the United Nations gives its allegiance to the principles contained in that Charter—

that Iran "has previously agreed to commitments along the lines set out" in section 511 (b).

Article I of the Charter of the United Nations provides:

The purposes of the United Nations are:

1. To maintain international peace and security, and to that end: to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace, and to bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace;

2. To develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace;

3. To achieve international cooperation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion; and

4. To be a center for harmonizing the actions of nations in the attainment of these common ends.

In the case of Indonesia, an agreement as required by section 511 has been reached and is in effect. Subsequently the Government has fallen, this agreement being cited as a major cause of its downfall. Whether or not it will be repudiated cannot now be foreseen. The opposition to the agreement apparently was not directed at any particular paragraph or phrase of section 511. The general charge was made that by signing any agreement with the United States, the Government had alined itself with the "American imperialists" and failed to preserve a proper neutrality favoring neither the Soviets nor the west. Furthermore, it cannot be said that this matter was the only important issue. A strong opposition seized on this and a number of other subjects concerning which there was widespread dissatisfaction and were able to vote the Government out.

Ireland was willing to accept the substance of section 511 (b), but refused to adhere to the purposes and principles of the Economic Cooperation Act as they now stand, including the purpose contained in section 2 of the Mutual Security Act of 1951.

The following explanation of the status of Ireland was given by Hon. W. Averell Harriman, Director for Mutual Security, in a letter to Hon. James P. Richards, chairman, Committee on Foreign Affairs:

Assistance to Ireland has been furnished under the provisions of the Economic Cooperation Act of 1948. Section 115 (b) of that act requires that a country, as a condition of assistance, must express its adherence to the purposes and policies of that act. These purposes were amended by section 2 of the Mutual Security Act of 1951 to include the purpose "to strengthen the mutual security and individual and collective defenses of the free world, to develop their resources in the interest of their security and independence and the national interest of the United States and to facilitate the effective participation of those countries in the United Nations system for collective security." In conformity with past practice, each country with which there was an Economic Cooperation agreement was asked to amend that agreement in order to adhere to the new purposes. Ireland had done this on February 18, 1950, and again on June 7, 1951, by notes stating that reference in the Economic Cooperation Agreement to the Economic Cooperation Act of 1948 should mean that act as theretofore amended. This year, the Government of Ireland was unwilling to express its adherence to its purposes as amended by the Mutual Security Act of 1951.

Ireland was willing to sign the undertakings required by section 511 (b) of the Mutual Security Act of 1951, but these were additional to, not a substitute for, the other requirement. Under the circumstances, suspension of aid to Ireland was required by law. * * * Ireland was in fact prepared to give the section 511 (b) assurances; the suspension of aid was in fact made necessary by the provisions of the Economic Cooperation Act of 1948, as amended.

It should be noted in this connection that in order to receive ECA aid Ireland accepted the requirements of subsection (b) of section 115 of the Economic Cooperation Act of 1948, which provides in part:

The provision of assistance under this title results from the multilateral pledges of the participating countries to use their efforts to accomplish a *joint recovery program* based on self-help and mutual cooperation as embodied in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, and is contingent upon continuous effort of the participating countries to accomplish a *joint recovery program* through *multilateral undertakings and the establishment of a continuing organization for this purpose* * * *. [Italics are inserted for emphasis and do not appear in the text of the act.]

Negotiation of an agreement with Mexico for military assistance has recently been broken off. An agreement under section 511 (b)

has been entered into and technical assistance is being continued to Mexico.

Section 401 of the Mutual Security Act, dealing with military assistance to the other American Republics, provides—

that such assistance may be furnished only in accordance with defense plans—
which—

require the recipient country to participate in missions important to the defense of the Western Hemisphere.

Apparently the breakdown of negotiations for military aid involved the entire question of Mexico's ability to participate within her constitutional limitations and not the provisions of section 511 (a) directly.

In section 7 (g) the committee tightened the conditions of eligibility by amending section 511 of the Mutual Security Act in the form of a new subsection (c) to the existing eligibility provisions. The new provision reflects the continuing importance which the committee attaches to the question of eligibility and the careful study and recommendations made by the special mission of the committee to Germany and certain other countries, comprising the Hon. Clement J. Zablocki, subcommittee chairman; Hon. Edna F. Kelly and Hon. Chester E. Merrow. The subcommittee's study mission, undertaken in November and December 1951, covered Germany, Austria, Yugoslavia, Italy, and Spain, as well as other countries in Western Europe engaged in mutual security programs with the United States. The new subsection makes explicit an underlying principle of section 511 of the act: the most effective use of United States resources made available by the Mutual Security Act to stimulate and accelerate positive accomplishments toward mutual security. "Are the mutual security countries doing all they can to help themselves and to help us?" can only be answered with a "No." The United States does not seek perfection. But we do expect progress. The new subsection therefore requires the Director for Mutual Security, in granting assistance, to take into account the progress made by recipient countries in the use of their own resources for mutual security. The Director must take whatever steps he may find suitable or appropriate to assure effective use of these resources in order to help bring about that progress. No specific methods were written into the bill. A method suitable or appropriate for one country may not be suitable or appropriate for another and depends upon the part a country has in the mutual security effort. But it is expected that countries effect tax reform, where needed, and equalize the tax burden where the average citizen is bearing an inequitable share of the tax burden. It is expected that countries take steps to discourage the flight of local capital where capital is so sorely needed. These are only examples of "effective use" of resources. There are many others. It is not the wish of the committee that the Director for Mutual Security interfere in the internal affairs of other countries. But when we are engaged in efforts which are mutual, and when the United States has demonstrated by the use of its leadership and its resources how vital it considers those efforts, it should not be deemed "interference" for one partner to expect of the other that progress be achieved in a security effort which is mutual.

E. SPECIAL USE OF FUNDS (SEC. 7 (H))

In recognition of the fact that there may be occasions when the United States should be able to show its friendship and its desire to help nations which are unable to sign formal agreements in order to qualify for assistance, provision is made in section 7 (a) that up to a total of \$100,000,000 of the funds authorized (but not more than \$20,000,000 to any one country) may be allocated to countries without regard to any conditions as to eligibility contained in the Mutual Security Act or any other act the funds for which are authorized by the Mutual Security Act when the President determines that such an allocation is in the interest of the security of the United States. Notification of the appropriate congressional committees is required when such allocations are made.

Certain countries, because they are geographically exposed to Communist attack or because their internal political situation is so precarious that they are in danger of Communist subversion, are afraid to enter into agreements with the United States which might be interpreted as an alliance with the United States against the Soviet Union. Under this provision a timely grant of assistance might prevent such a country from falling under Soviet domination.

F. EXCESS MATERIAL (SEC. 8 (A))

"Excess" is defined in the Mutual Defense Assistance Act as the quantity of equipment or material owned by the United States which is in excess of the mobilization reserve of such equipment and material. Mobilization reserve means the quantity of such equipment or material determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or material can be procured. The authority for the use of United States excess stocks for military assistance is contained in section 403 (d) of Public Law 329, Eighty-first Congress, as amended by Public Law 621, Eighty-first Congress, and Public Law 165, Eighty-second Congress.

The existing law permits the transfer of not to exceed \$1 billion worth of stocks that are excess to the needs of the Military Establishment. This includes not only material transferred as grant aid without charge to appropriated funds except for the cost of repair and rehabilitation but also material sold at a fair value under the reimbursable aid provisions of the act. The total amount of excess material programed in fiscal years 1950, 1951, and 1952 amounts to \$853.9 million, of which \$201.9 million has been programed for sale to various eligible countries at a fair value under the provisions of section 408 (c) of Public Law 329, Eighty-first Congress. Excess equipment with an acquisition cost of \$539.6 million has been transferred to recipient countries, of which \$122 million has been transferred to various countries at a fair value under the provisions of section 408 (c). It is expected that considerable additional excess equipment will be programed in fiscal year 1953. The military departments estimate a minimum of additional excess equipment will be available for transfer

in the fiscal year 1953 under section 403 (d) of Public Law 329, Eighty-first Congress, as follows:

	<i>Million</i>
Army.....	\$55.6
Navy.....	266.2
Air Force.....	5.0
Total.....	326.8

In view of these estimated availabilities of excess equipment for transfer under the fiscal year 1953 program, the total excess limitation of \$1 billion presently authorized is increased by \$200 million to a new total of \$1.2 billion by section 8 (a).

The military departments make the determination of excess in accordance with the definition in the law. The process of determining what quantities of a particular item are excess involves careful study and thorough screening. The total requirements for all elements of the United States Armed Forces, including the mobilization reserve and civilian components are computed. This is matched against the stocks on hand, including stocks of suitable substitutes, and when assets exceed requirements, the difference is excess.

The authority for the transfer of excess equipment has permitted disposition to friendly nations of substantial quantities of some types of material not needed for United States forces, but valuable in building up the strength of the combat forces of the free world.

Acquisition cost of excess matériel transferred by major category (as of Feb. 29, 1952)

Vessels.....	\$236,819,572	Medical.....	\$195,991
Vessel equipment.....	1,491,662	Chemical and transpor-	
Aircraft.....	133,966,362	tation.....	287,986
Signal.....	1,067,984	Public Law 75 (Greek-	
Ordnance.....	163,267,773	Turkish aid).....	1,695,752
Engineer.....	203,174		
Quartermaster.....	645,502	Total.....	539,641,758

NOTE.—Includes acquisition cost of excess equipment transferred under sec. 408 (e) of Public Law 329.

Recapitulation of status of excess equipment (as of Mar. 31, 1952)

1. Total limitation authorized—Public Laws 329, 621, and 165..	\$1,000,000,000
2. Total excess equipment programed—fiscal years 1950, 1951, and 1952.....	853,999,511
3. Minimum excess equipment available for transfer fiscal year 1953.....	326,798,589
4. Excess availabilities for transfer over authorized limitation (2+3-1).....	180,798,100
5. Additional excess limitation required fiscal year 1953.....	200,000,000

G. INTERNATIONAL CHILDREN'S EMERGENCY FUND (SEC. 11)

The committee has given long and careful consideration to the activities of the United Nations International Children's Emergency Fund (UNICEF). The postwar emergency situation which gave rise to this agency is over. The evidence presented shows that the organization has embarked upon world-wide projects beyond the scope of those who supported it. It has developed into a global empire of its own. Many of the functions which it performs should be handled by other specialized agencies.

The United Nations General Assembly has decided to reexamine the future of UNICEF in its 1953 session. The authorization recom-

mended in this bill will make it possible for UNICEF to adjust its obligations so that it will not be dependent upon United States support after that date.

The ratio of United States contributions to those of other governments has been a matter of some misunderstanding. Last year the conference report on the third supplemental appropriation bill contained this language:

Amendment No. 22: Appropriates \$5,750,000 instead of \$5,000,000 as proposed by the House and \$7,500,000 as proposed by the Senate. The conferees are agreed in approving this figure that the contribution of the United States to this program shall not exceed one-third of total funds contributed to the program by all countries.

The committee endorses this condition. To assure compliance and reduce uncertainty it has written into the bill a proviso that the United States contribution shall not exceed one-third of the contributions from all governments. "All governments" includes the contributions made both by nonbeneficiary and beneficiary countries. In order that the money may be used most effectively the committee has added another proviso that will prohibit United States money from giving support to identical or similar programs conducted by UNICEF and other agencies.

H. REIMBURSABLE AID (SEC. 8 (B))

Section 408 (e) of the Mutual Defense Assistance Act of 1949, as amended, permits the United States to furnish military assistance to foreign governments on a reimbursable basis. There are at present three standards of eligibility. They are:

(a) Recipient countries are eligible for assistance under title I, II, or III of the Mutual Defense Assistance Act, or

(b) The recipient country has joined with the United States in a collective defense or regional arrangement, or

(c) The recipient country is not eligible to join in a collective defense or regional arrangement as above, but its ability to defend itself or to participate in the defense of the area of which it is a part is important to the security of the United States.

Under clause (c) above, it is necessary that the country concerned shall have first provided the United States with assurances that the assistance will be used solely to maintain its internal security, its legitimate self-defense or to permit it to participate in the defense of the area of which it is a part or in United Nations collective security arrangements and measures. In addition, the recipient country must give an assurance that it will not undertake any act of aggression against any other state. Furthermore, it has been standard policy to require nations receiving reimbursable assistance under clause (c) above to give assurance to the United States that:

(a) Any assistance furnished pursuant to the provision will be utilized in furtherance of the policies and purposes of the act.

(b) Title to or possession of any equipment, materials, information, or services furnished will not be transferred without the consent of the United States.

(c) Security will be preserved.

There are two distinct types of transactions authorized by section 408 (e). The first is transfer or sale from United States military

stocks, and the second is procurement by the United States Government from a commercial source for the benefit of the recipient government. Section 408 (e) requires that the recipient nation shall have first made available the fair value before any transfer is made or any service is rendered. Transactions of this type frequently require that the items to be transferred shall have first been rehabilitated. In such cases, the rehabilitation is generally undertaken by the United States Government. With respect to the second type of transaction, i. e., procurement from nongovernmental sources, section 408 (e) requires that the nation shall have first made a dependable undertaking consisting of an agreement providing that the recipient country will pay the full amount of the contract and insure the United States against any loss on the contract and that it shall make funds available prior to the time called for by the contract and shall make funds available to cover the estimated amount of any damages and costs that might accrue from the cancellation of the contract.

Section 408 (e) specifies that the amount of outstanding contracts subject to the dependable undertaking is limited to \$500 million at any given time.

Section 8 (b) of H. R. 7005 contains five substantive changes. They are:

1. The inclusion of all countries eligible for grant assistance among those automatically eligible for reimbursable aid.

2. The inclusion of authority to furnish reimbursable military assistance to SHAPE or to other international headquarters or organizations (including the European Defense Community).

3. The establishment of a waiver procedure which will enable the United States to dispense with payment prior to delivery in certain selected cases such as Canada and possibly Venezuela.

4. The inclusion of rehabilitation work as well as new procurement in the dependable undertaking procedure in order to resolve certain difficulties which have arisen in regard to the financing of and payment for rehabilitation work undertaken by the United States Government on equipment proposed to be transferred to a foreign government under this section.

5. The raising of the limitation on outstanding contractual obligation authority to \$700 million.

1. Eligibility for reimbursable aid

Section 408 (e) of the Mutual Defense Assistance Act presently provides that countries eligible to receive assistance under title I, II, or III of that act are automatically eligible for reimbursable aid. This excludes certain countries in the Middle East which are not covered by the Mutual Defense Assistance Act but which are eligible to receive grant assistance under the Mutual Security Act. In order that eligibility for reimbursable assistance may be at least co-extensive with eligibility for grant assistance, section 408 (e) of the Mutual Defense Assistance Act is reworded so that countries eligible under titles I, II, III, or IV of the Mutual Security Act are automatically eligible for reimbursable assistance.

2. Reimbursable assistance to international military groups

The question has been raised whether the United States has authority to sell materials from its military stocks to international headquarters such as SHAPE. Section 408 (e) at present does not provide

for the furnishing of military assistance to any entity other than a nation. There is legislative authority for the United States to make dollar contributions to SHAPE, but there is no clear legislative authority to permit the sale of materials from its military stocks to SHAPE. The question whether such a transaction is permissible under section 408 (e) is a serious one in view of the fact that SHAPE has requirements for equipment which cannot be procured through commercial channels, and except on a long-lead-time basis. Most of the items required by SHAPE are in the nature of communications equipment. The present amendment is intended to grant the United States clear legislative authority to furnish military assistance on a reimbursable basis to SHAPE.

At present, the United States would be unable to sell military equipment to the European Defense Community which, as planned, will be a unified defense command exercising broad powers in the field of command and logistics. If we accept the proposition that such a unified European army is in the interest of the United States, it would then appear that authority should be provided for such an international army to purchase military supplies directly from the United States rather than to purchase through the facilities of the individual countries who are members of such an organization.

It is to be noted, however, that there are certain difficulties inherent in the European Defense Community's purchasing directly from the United States in that it is not known whether the Community will have financial responsibility. This difficulty is not pertinent to procurement from stock, however, in that full payment may be required prior to delivery. There is a very real difficulty, however, in the dependable undertaking procedure in that it is not known whether the European Defense Community will have sufficient financial responsibility to enable it to enter into the dependable undertaking procedure. A possible method of avoiding this difficulty is to ask the individual member nations to assume responsibility for dependable undertakings made by the European Defense Community.

3. Waiver of payment

Canada receives no grant aid but procures extensively in the United States by way of section 408 (e). The iron-clad requirement that full payment is to be made prior to delivery works undue hardships on the Canadians in that while it is recognized that the Canadian credit is good, the Canadians must, nevertheless, tie up millions of dollars in the United States pending delivery of goods procured under section 408 (e), which is sometimes delayed for several months. Moreover, the requirement for payment prior to delivery complicates our accounting procedures and frequently results in delays in deliveries because of the requirement that full delivery shall be made prior to transfer. Shipments must be held up and a check must be carefully made as to whether actual payment has been received even though the shipment is of an insignificant size, which is frequently the case. The volume of these transactions makes settlement procedures exceedingly difficult in that it is impossible to bill the Canadians on a periodic basis with a readjustment for any shortages or overages.

Where the credit of the countries receiving reimbursable assistance is sound and where there is no doubt that the recipient country will ultimately pay, it would seem that it would be beneficial to the United States to simplify billing and accounting procedures and to place the transaction on a commercial-type basis.

In view of the desirability of restricting the benefits of this revision to nations whose credit is sound, the revision is limited in its scope of applicability. For example, certain findings must be made by the President before it can be invoked. At present, it is contemplated that the benefits of the waiver procedure will be extended to Canada and possibly to Venezuela.

4. Rehabilitation and repair

As was pointed out, there are two major types of procurement under section 408 (e), i. e., procurement from military stocks and new procurement. Adequate provision is made for the furnishing of guaranties in the case of procurement from new stocks but no such provision for formal guaranties is made in the case of procurement from military stocks. Section 408 (e) provides that full payment must be made prior to delivery where items are transferred from military stocks. Frequently, however, it is necessary to undertake major rehabilitation and repair in order to bring the transferred items up to a combat-worthy condition. This repair often requires many months to complete and, in addition, it is frequently not known whether a particular lot of rehabilitated equipment will ultimately go to a particular country.

Under these circumstances, it would be unrealistic to require the recipient nation to make a down payment prior to the initiation of rehabilitation which would cover the whole cost of the transaction. Thus, if Canada were to order a particular lot of rehabilitated tanks, it would be necessary that Canada advance the full cost of the transaction many months in advance of a delivery which might at best be problematical. On the other hand, it would seem that the United States should be given some sort of guaranty before it commits itself to undertake rehabilitation work for the benefit of a foreign government. In this connection, it is to be noted that the dependable undertaking provides such a guaranty in the case of new procurement.

The present amendment, therefore, includes rehabilitation work under the dependable undertaking procedures. This amendment is intended to give clear legislative authority for the United States Government to undertake rehabilitation and repair work for a foreign government without first receiving the full amount of the contract prior to the undertaking of the work. This amendment gives clear authority for the United States to require periodic payments, and further spells out the requirements for a firm commitment on the part of the recipient government to save the United States free against any loss on the work.

5. Increase in the amount of contractual obligation authority

Section 408 (e), as originally enacted, provided that the outstanding contracts under the dependable undertaking could not exceed \$100 million at any one time. Section 524 of the Mutual Security Act

of 1951 raised the limitation to \$500 million. It is now proposed to raise the ceiling to \$700 million.

This elevation of the ceiling is justified on the following bases:

(a) Outstanding contractual obligation authority as of the middle of February amounted to \$276,699,052. Additional requests pending totaled \$37,635,339, making a grand total of \$314,334,391.

(b) Anticipated requirements cannot, of course, be estimated accurately. However, it is understood that the Canadian Government desires to purchase on new orders approximately \$100 million worth of equipment in the next 18 months. It is indicated, however, that in certain circumstances these new defense orders might reach a total of \$300 million. Assuming the \$300 million figure and further assuming that \$100 million of this amount will be obligated in fiscal year 1952 and the balance of \$200 million in fiscal year 1953, we arrive at a total figure of \$614,334,391 in outstanding contractual obligation authority pending during fiscal year 1953.

(c) It is anticipated that Venezuela may purchase as much as \$100 million worth of equipment during the remainder of fiscal year 1952 and fiscal year 1953. This would bring the total requirements under this section to a grand total of \$714,334,391.

(d) There are also indications that Australia, Pakistan, and Saudi Arabia will have substantial requirements for military equipment under the dependable undertaking procedure. At present, more than 50 countries are eligible for reimbursable military assistance and the outstanding unfunded requests are approximately \$500 million. There is, therefore, quite a substantial pressure for the use of the contractual obligation method.

(e) Liquidation of contractual obligation authority increases in proportion to the amount of material which becomes available for delivery on contracts already placed. The rate of liquidation is at present approximately \$4 million per month.

(f) In view of the likelihood of a heavy demand for the furnishing of military assistance from new procurement by use of the contractual obligation and dependable undertaking method, it is believed that the limitation on outstanding contracts should be raised to \$700 million. This is particularly true in view of the fact that present outstanding contracts plus the requirements of nations who have a high priority at present exceed more than \$700 million without taking into account the needs and requirements of the rest of the world.

(g) Finally, it is to be noted that the use of the dependable undertaking and the contractual obligation authority imposes no liability on the United States.

It is therefore concluded that the limitation on outstanding contractual obligation authority under the dependable undertaking procedure should be raised to \$700 million.

I. INCREASING AVAILABILITY OF COUNTERPART FOR STRATEGIC MATERIALS (SEC. 9 (A))

Under the existing bilateral agreements, 5 percent of the amount deposited is set aside for expenditure for strategic materials and other local currency requirements of the United States. In order to

make sure that to the extent possible strategic materials are financed with counterpart funds, provision is made in section 9 (a) of H. R. 7005 for the removal of this 5-percent limitation insofar as strategic materials are concerned.

J. CONTINUED UNITED STATES PARTICIPATION IN THE CONTROL OF COUNTERPART MADE AVAILABLE ON A LOAN BASIS (SEC. 9 (B))
PROVISO

A special study mission to Germany from the Committee on Foreign Affairs reported the following situation with regard to the use of counterpart:

A substantial amount of ECA and MSA counterpart funds in Germany has been turned over to German banks to be loaned to industries for development purposes. As such loans are repaid, they are reloaned, but the United States no longer retains the further right to participate in the disposition of these funds. The subcommittee recommends that a comprehensive survey of United States policy toward the use of counterpart be undertaken to include consideration of an amendment to the Mutual Security Act to require continuous participation in determining the use of counterpart funds.

This recommendation is carried out in the final proviso of section 9.

K. STRATEGIC MATERIALS (SEC. 7 (I))

The procurement, exploration, and development of strategic materials for the supply of the United States is the aspect of the deficiency-materials program which is provided for in the Defense Production Act of 1950 and is the concern of the Defense Materials Procurement Agency. The development of the production of deficiency materials in foreign countries to supply nations other than the United States has a direct connection with foreign aid.

First, modern technical developments have created a situation in which known world resources fall far short of the demand for a number of minerals, such as cobalt. It is in the interest of the United States and of all nations to explore and develop all possible sources of such items. For example, in the case of iron ore in Morocco, which can now be transported only by muleback, railroad construction is expected to open up a significant supply for the European steel industry. It would benefit the United States to have supplies from these sources developed even though none of the ore ever reached the United States. The more of them available to other peaceful countries, the less the demand for economic help from the United States.

Second, dollars supplied to a country for developing strategic-materials production help its dollar deficit as much as dollars supplied for any other purpose. United States aid given to countries with undeveloped resources may result in a sort of double benefit. The aid brings the immediate advantage of relieving political and economic stress and in the future, if world shortages of materials are alleviated as a result, the United States shares in the benefit.

Specific authorization for the Director for Mutual Security to initiate projects for and assist in procuring and increasing the production of strategic materials in which countries receiving United States assistance are deficient is provided in section 7 (i), amending section 514.

L. COORDINATION AND REDUCTION OF REPORTING REQUIREMENTS

(SEC. 7 (B))

The committee felt concern with the volume and variety of reports which are prepared by the various United States Government agencies and departments which participate in the Mutual Security Program. There is a danger that in the transition from recovery operations to defense support and in the process of unifying operations under the Director for Mutual Security that recurrent reports which have become obsolete may be continued or that duplication may occur. In order to insure the close supervision, coordination, and evaluation of all reports in order to reduce reporting requirements, the Director for Mutual Security is specifically directed to take over this responsibility.

APPENDIXES

APPENDIX I

SUMMARY OF HEARINGS

Testimony regarding the extension of the Mutual Security Program opened with a joint session of the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs on March 13, 1952. At that time, testimony was presented by: Hon. W. Averell Harriman, Director for Mutual Security; Hon. Dean Acheson, Secretary of State; Hon. Robert A. Lovett, Secretary of Defense; and Gen. Omar N. Bradley, Chairman, Joint Chiefs of Staff. Each emphasized the importance of the program to the security of the United States and of the free world.

Thereafter, hearings were held separately by the Committee on Foreign Relations and the Committee on Foreign Affairs. The witnesses heard by the House Committee on Foreign Affairs were (1) administrators of some part of the policy or responsible for its over-all administration; (2) officials whose duties gave them an insight into some aspect of the policy; and (3) public-spirited organizations and (4) private citizens.

Beginning with a morning session on March 18, 1952, and continuing the morning of March 19, in open session, the Committee on Foreign Affairs heard Hon. W. Averell Harriman, Director for Mutual Security, discuss in detail the program as it has been operating, particularly explaining the funds remaining unexpended under the act of 1951; the criteria used in preparing the programs proposed; and the types of assistance included therein. Maj. Gen. George H. Olmsted, Director of Military Assistance, Department of Defense, also was present on March 18, and explained procurement problems to the committee. Col. Bernard Thielen, Office of Military Assistance, Office of the Secretary of Defense, who was present on March 19, explained the term "combat ready" and its importance in the consideration of the equipment of troops.

On March 20, in open session, the committee heard the Secretary of State, Hon. Dean Acheson, particularly in connection with his direct responsibility for the Technical Cooperation Administration. He reiterated that justification for the Mutual Security Program is the security of the United States. He emphasized, however, in connection with the technical assistance program that Americans are interested in people as people. His testimony also included information on the need for defense support aid.

On March 21, the committee met in open session in the morning to hear the Secretary of Defense, Hon. Robert A. Lovett, discuss the program from a military point of view, including the problems arising by reason of tax levies by countries receiving aid; France's depletion

of assets due to the war in French Indochina; delays in delivery of equipment; and communism in labor unions in recipient countries. Of particular interest to the committee was his explanation of the difference between the defense support proposed and economic aid as given under the Marshall plan, and also of the unexpended balances remaining of funds appropriated under the Mutual Security Act of 1951.

Hon. William H. Draper, Jr., United States special representative in Europe for the Mutual Security Program, testified before the committee on the morning of March 24, in both open and executive sessions. He appraised, from his first-hand knowledge, economic conditions in Europe and indicated the need for military and defense support in Europe.

Gen. Alfred M. Gruenther, Chief of Staff, Supreme Headquarters, Allied Powers, Europe, testified before the committee on 2 days—the morning of March 25, in open session, and on March 26, in executive session, both morning and afternoon. He was accompanied by Col. Bernard Thielen, Office of Secretary of Defense. Using charts, General Gruenther outlined the organizational structure of the North Atlantic Treaty Organization, telling what SHAPE's mission is, how it is being implemented and the main problems it faces. He evaluated the threats facing NATO, described the plans which have been devised to meet them and set forth what has been accomplished so far. In addition, General Gruenther stressed the fact that the program was in the interest of our own defense; any cut proposed, he said, should be considered from its over-all effect on the defense of the United States. On March 26, Mr. Theodore Tannenwald, Jr., Assistant Director and Counsel, Office of the Director for Mutual Security, was also present and made a statement regarding offshore procurement.

On March 27, in the morning and afternoon, the committee heard an account by Hon. David K. E. Bruce, former United States Ambassador to France and now Under Secretary of State, of the political and economic situations in France, particularly as they relate to NATO, and including information on the situations in Indochina, Tunisia, and Morocco, as well as the extent and influence of communism in France. Mr. William L. Tomlinson, Treasury representative, American Embassy, Paris, France, who appeared with Mr. Bruce before the committee made a statement about the Schuman plan, the status of its ratification and the composition of its executive body.

On the morning of March 28, in an executive session of the committee, Gen. Omar N. Bradley, Chairman, Joint Chiefs of Staff, accompanied by General Olmsted, Director, Military Assistance Program, Office of the Secretary of Defense, gave the committee an evaluation of the military situation. He also discussed the fundamental production philosophies.

On April 1, 1952, the committee met in executive session in the morning to hear Hon. William L. Batt, Chief, Special Mission for Mutual Security Agency, United Kingdom, accompanied by Brig. Gen. Dan Callahan, assistant to Mr. Batt for defense production matters, and Mr. Malcolm W. Hogg, program officer, MSA, Special Mission to the United Kingdom. At this meeting Mr. Batt explained some of the factors retarding Great Britain's rearmament program and her economic situation, particularly her low standard of living,

lack of resources, dependence upon trade, and production problems, such as, lack of manpower in the coal industry.

On the afternoon of April 1 the committee reconvened in executive session to hear Maj. Gen. William H. Arnold, USA, Chief, Military Mission in Turkey, who described the results of aid to Greece, Iran, and Turkey, and their importance to the free world.

In executive session on the morning of April 2 the committee heard Hon. W. J. McNeil, Assistant Secretary of Defense, who was accompanied by his assistant, Lyle S. Garlock, Deputy Comptroller, Department of Defense. Mr. McNeil gave the Department of Defense's concept of the military build-up and described the matériel requirements and procurement problems involved in the program. General Olmsted was also present at this session and made a statement differentiating the basis of the program for Greece and Turkey from that of Western Europe.

On the morning and afternoon of April 3, 1952, in executive session, the committee heard two members of the Committee on the Present Danger, a private organization: Hon. Tracy S. Voorhees, vice chairman, who expressed the views of the Committee on the Present Danger in support of the continuation of the Mutual Security Program and on two questions—(1) whether the United States can afford the Mutual Security Program and (2) whether the Europeans are doing their part; and Mr. Goldthwaite H. Dorr, counsel of the organization, who also made a statement favoring continuation of the program.

On the afternoon of April 3, in executive session, the committee also heard an explanation of the lending powers of the International Monetary Fund by Hon. Frank Southard, Jr., United States Executive Director, International Monetary Fund.

On April 7, 8, and 9, in morning and afternoon executive sessions, the attention of the committee was focused on the facts and figures underlying the proposed Mutual Security Act extension. This presentation was interrupted by the Easter recess, resumed on the morning of April 23 and continued the 24th, 25th, and 28th of April. It was made by Hon. C. Tyler Wood, Associate Deputy Director for Mutual Security, from an over-all point of view, Maj. Gen. George H. Olmsted on the military end item and training program, and Mr. Harlan Cleveland, Assistant Director for Europe, Mutual Security Agency, in connection with the defense support and economic aspects. The material was presented on a country-by-country basis—titles I through IV—and included dollar breakdowns of military end item and of defense support programs as well as statistical supporting data.

On April 24, the committee also heard in the morning session, Mr. Arthur Z. Gardiner, Economic Operations Adviser, Bureau of Near Eastern, South Asian and African Affairs, Department of State, on the Palestine refugee program and aid to Israel.

And, on April 28, Mr. Otto K. Hunerwadel, Agricultural Adviser to the Shan States in Burma, gave an account to the committee in executive session of his experiences in Burma on the technical assistance programs. He described some of the simple ways in which the Burmese could be and were helped to use the resources at hand to improve their living conditions.

In the meantime, just after the Easter recess, on April 22, 1952, in open morning and afternoon sessions, the committee heard several public witnesses as well as Hon. Andrew N. Overby, United States

Director, International Bank for Reconstruction and Development. Mr. Overby described the organization of the bank, the nature of its loans and the general attitude on international bonds at present. The committee was especially interested in hearing his views on the possibility of the bank's financing projects complementary to or now included in the Mutual Security Program.

Following is a list of the public witnesses who appeared before the committee on April 22, and stated the views of themselves or their organizations on the proposed Mutual Security Program. John C. Lynn, legislative director, and Gwynn Garnett, in charge of foreign affairs, American Farm Bureau Federation; Clem D. Johnston, director, United States Chamber of Commerce, accompanied by Kenneth W. Campbell, manager, Foreign Commerce Department, George Coine Smith, director, Government economy program, and W. Glenn Campbell, economist; John A. Baker, legislative secretary, National Farmers Union; and William S. Whitehead, private citizen. In addition, on the afternoon of April 28, Boris Shishkin, economist, American Federation of Labor, was heard by the committee.

Lastly, in morning and afternoon executive sessions on April 29, the committee turned its attention to the Point IV program as administered by the Technical Cooperation Administration. The witnesses participating in this testimony were Mr. Wood from the Mutual Security Agency, Hon. Jonathan Bingham, Acting Administrator of TCA; Hon. Stanley Andrews who has been nominated to succeed the late Dr. Henry G. Bennett as Administrator of TCA and who recently completed a tour of Point IV areas; Hon. Edward G. Miller, Jr., Assistant Secretary of State for Inter-American Affairs; Mr. Kenneth R. Iverson, President, Institute of Inter-American Affairs; Mr. E. S. Fryer, Assistant Administrator for Near East-Africa Development Service, TCA; Mr. Arthur Z. Gardiner, Economic Operations Adviser to Assistant Secretary for Near Eastern, South Asian and African Affairs, Department of State; and Haldore Hanson, Director, South Asia Development Service, TCA.

Mr. Bingham outlined the scope, nature, and purposes of the Point IV program; while Mr. Andrews discussed the results of the program which he observed on his trip covering programs in Libya, Egypt, Lebanon, Syria, Jordan, Iran, Iraq, Palestine, India, Afghanistan, and Israel. These included introduction of educational programs in Libya and in Iran as well as introduction of better seeds in Jordan and digging irrigation ditches in Iraq.

Messrs. Miller and Iverson added pertinent information about their areas, i. e., South America; Mr. Fryer about Iran; Mr. Gardiner about Nepal and Mr. Hanson about India.

Several Members of Congress, who are not members of the Committee on Foreign Affairs, appeared before the committee and made statements on the Mutual Security Program. On April 28, in open session, the committee heard the recommendations of Hon. William C. Lantaff, Representative from Florida; Hon. George Meader, Representative from Michigan, and Hon. Francis E. Walter, Representative from Pennsylvania.

In addition, written statements were submitted by others who were unable to appear personally before the committee, namely:

D. P. Buckley, chairman, Government relations committee, Coal Exporters Association of the United States, Inc.

James G. Patton, president, National Farmers Union.

Nelson A. Rockefeller.

J. T. Sanders, legislative counsel, the National Grange.

Hon. Charles J. Kersten, Representative in Congress from the State of Wisconsin.

Norman M. Littell, attorney, Washington, D. C.

James B. Carey, secretary-treasurer of the Congress of Industrial Organizations.

Detroit Board of Commerce.

National Foreign Trade Council, Inc.

Illinois Manufacturers' Association.

General Federation of Women's Clubs.

League of Women Voters of the United States.

American Citizens Committee for Economic Aid Abroad.

American Library Association.

National Council of Churches of Christ in the United States of America.

Council for Social Action of the Congregational Christian Churches.

American Association of Social Workers.

Dr. Lev E. Dobriansky, professor at Georgetown University and president of the Ukrainian Congress Committee of America.

Frederick J. Libby, executive secretary of the National Council for Prevention of War.

APPENDIX II

SUMMARY OF PRINCIPAL CHANGES MADE BY THE COMMITTEE IN H. R. 7005

Section 2: Adopted Senate language of section 2 which authorizes assistance to three designated organizations for unifying Europe rather than to any such organization as provided in H. R. 7005 as introduced.

Section 3: Amended Mutual Security Act to mention Spain by name as eligible to receive assistance—was eligible previously.

Cut military authorization by 20 percent from \$4,145,000,000 to \$3,316,000,000 and authorized carry-over of unobligated rather than unexpended funds. This latter change was made in all authorizations of funds.

Cut defense support 10 percent from \$1,819,200,000 to \$1,637,300,000.

Retained the authority to transfer 10 percent within title I rather than the 5 percent proposed in H. R. 7005.

Earmarked not less than \$25,000,000 for Spain.

Section 4: No alteration of amounts in title II (Near East and Africa) but adopted the Senate form of authorization by specifying the funds for Arab refugees and for refugees coming to Israel and for technical assistance in that area.

Section 5: Struck out exemption of title III funds from section 503 of MSA. This means that TCA will have to take over from MSA the programs in Burma and Indonesia.

Section 6: Redesignated area as American republics and non-self-governing territories of the Western Hemisphere.

Provided that no part of the United States contribution to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe could be used to pay salary or expenses of the Director General of such Committee if a former employee of UNRRA or IRO.

Section 7: MSA Act amended to authorize distribution of 50 supergrades already provided among all departments and agencies covered in the program. Some of these may be assigned to Point IV, State, and Defense.

Required by July 1, 1952, a 10-percent reduction (based on January 1, 1952, personnel) of personnel other than blue-collar workers and technical consultants.

Director for Mutual Security required to reduce reporting requirements.

Authorized the transfer of not more than \$1 billion of military items from United States defense program to foreign nations in addition to equipment authorized by this bill.

Required that not less than \$1 billion be earmarked exclusively for offshore procurement.

Authorized total expenditure of not more than \$100 million, not more than \$20 million to any country, without conditions as to eligibility. This would permit giving limited assistance to nations which we wish to help but which may be afraid to enter into agreements with us.

Authorized Director for Mutual Security to develop strategic materials in world deficiency for countries receiving United States assistance.

The Director for Mutual Security required to take suitable and appropriate steps to assure effective use by recipient countries of their own resources for mutual security.

Provided up to \$100,000,000 of counterpart to encourage free enterprise.

Permitted up to \$100,000,000 of military production and economic and technical assistance funds to be used for subscribing to capital of an International Finance Corporation.

Investment and informational media guaranties continued after June 30, 1952, to all areas where United States assistance is granted.

Required Mutual Security Agency to develop broad criteria for guaranties and to conduct study of impediments to private investment abroad; Department of State required to accelerate commercial and tax treaty program; Technical Cooperation Administration required to encourage and facilitate greater participation by industrial groups in Point IV programs and to bring investment opportunities in underdeveloped areas to attention of private enterprise.

Section 9: Required counterpart funds used for loans by recipient countries to be redeposited in counterpart special account when loans are repaid so as to give the United States continuing participation in their administration.

Assured that total counterpart fund be available for strategic materials without regard to 5-percent limitation.

Section 11: Authorized \$12,000,000 for UNICEF for period ending December 31, 1953, on condition that United States contribution not exceed one-third of contribution from all governments. None of the activities for which these funds are authorized shall duplicate any of the activities of other U. N. agencies.

APPENDIX III

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be

omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

MUTUAL SECURITY ACT OF 1951, AS AMENDED (22 U. S. C. 1651-1712)

TITLE I—EUROPE

SEC. 101. (a) In order to support the freedom of Europe through assistance which will further the carrying out of the plans for defense of the North Atlantic area, while at the same time maintaining the economic stability of the countries of the area so that they may meet their responsibilities for defense, and to further encourage the economic unification and the political federation of Europe, there are hereby authorized to be appropriated to the President for the fiscal year 1952 for carrying out the provisions and accomplishing the policies and purpose of this Act—

(1) not to exceed \$5,028,000,000 for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), for countries which are parties to the North Atlantic Treaty and for any country of Europe (other than a country covered by another title of this Act), which the President determines to be of direct importance to the defense of the North Atlantic area and whose increased ability to defend itself the President determines is important to the preservation of the peace and security of the North Atlantic area and to the security of the United States (any such determination to be reported forthwith to the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives), and not to exceed \$100,000,000 of such appropriation for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia, or the Communist dominated or Communist occupied areas of Germany and Austria, and any other countries absorbed by the Soviet Union either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when it is similarly determined by the President that such assistance will contribute to the defense of the North Atlantic area and to the security of the United States. In addition, unexpended balances of appropriations heretofore made for carrying out the purposes of the Mutual Defense Assistance Act of 1949, as amended, through assistance to any of the countries covered by this paragraph are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this paragraph. Section 408 (c) of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1579), is hereby repealed. *There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$4,145,000,000, for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) to countries eligible for assistance under this paragraph; and in addition unexpended balances of any appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.*

(2) not to exceed \$1,022,000,000 for assistance pursuant to the provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522) (including assistance to further European military production), for any country of Europe covered by paragraph (1) of this subsection and for any other country covered by section 103 (a) of the said Economic Cooperation Act of 1948, as amended. In addition, unexpended balances of appropriations heretofore made for carrying out the purposes of the Economic Cooperation Act of 1948, as amended, are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this paragraph: *Provided, That not to exceed \$10,000,000 of the funds made available pursuant to this paragraph may be utilized to effectuate the principles set forth in section 115 (e) of the Economic Cooperation Act of 1948, as amended. There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$1,819,200,000, to carry out the purposes and provisions of this paragraph; and in addition unexpended balances of appropriations heretofore made pursuant to this paragraph are*

authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.

(b) Not to exceed 10 per centum of the total of the appropriations granted pursuant to this section for the fiscal year 1952, and not to exceed 5 per centum of those granted for the fiscal year 1953, may be transferred, when determined by the President to be necessary for the purpose of this Act, between appropriations granted pursuant to either paragraph of subsection (a): *Provided*, That the amount herein authorized to be transferred shall be determined without reference to any balances of prior appropriations continued available pursuant to this section: *Provided further*, That, whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives.

(c) *Unexpended balances of appropriations made available for assistance to Spain pursuant to this section by the Act of October 31, 1951 (Public Law 249, Eighty-second Congress), are authorized to be continued available until June 30, 1953.*

TITLE II—NEAR EAST AND AFRICA

SEC. 201. In order to further the purpose of this Act by continuing to provide military assistance to Greece, Turkey, and Iran, there are hereby authorized to be appropriated to the President for the fiscal year 1952, not to exceed \$396,250,000 for furnishing assistance to Greece and Turkey pursuant to the provisions of the Act of May 22, 1947, as amended (22 U. S. C. 1401-1410), and for furnishing assistance to Iran pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604). In addition, unexpended balances of appropriations heretofore made for assistance to Greece and Turkey, available for the fiscal year 1951, pursuant to the Act of May 22, 1947, as amended, and for assistance to Iran pursuant to the Mutual Defense Assistance Act of 1949, as amended, are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this section. *There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$606,370,000, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.*

* * * * *

SEC. 203. In order to further the purpose of this Act in Africa and the Near East, there are hereby authorized to be appropriated to the President, for the fiscal year 1952, not to exceed \$160,000,000 for economic and technical assistance in Africa and the Near East in areas other than those covered by section 103 (a) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1502). Funds appropriated pursuant to this section shall be available under the applicable provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), and of the Act for International Development (22 U. S. C. 1557). *There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$196,000,000, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.*

SEC. 204. Not to exceed **[\$50,000,000]** \$115,000,000 of the funds authorized under section 203 hereof may be contributed to the United Nations during the fiscal year 1952 and 1953, for the purposes, and under the provisions, of the United Nations Palestine Refugee Aid Act of 1950 (22 U. S. C. 1556): *Provided*, That, whenever the President shall determine that it would more effectively contribute to the purposes of the said United Nations Palestine Refugee Aid Act of 1950, he may allocate any part of such funds to any agency of the United States Government to be utilized in furtherance of the purposes of said Act and any amount so allocated shall be a part of the United States contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East and shall be so credited by said Agency.

SEC. 205. In order to assist in the relief of refugees coming into Israel, not to exceed **[\$50,000,000]** \$126,000,000 of the funds authorized under section 203 hereof may be utilized during the fiscal year 1952 and 1953, under such terms and conditions as the President may prescribe, for specific refugee relief and resettlement projects in Israel.

TITLE III—ASIA AND PACIFIC

SEC. 301. In order to carry out in the general area of China (including the Republic of the Philippines and the Republic of Korea) the provisions of subsection (a) of section 303 of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1604 (a)), there are hereby authorized to be appropriated to the President for the fiscal year 1952, not to exceed \$535,250,000. In addition, unexpended balances of appropriations heretofore made for carrying out the provisions of title III of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1602-1604), are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this section. Not to exceed \$50,000,000 of funds appropriated pursuant to this section (excluding balances of appropriations continued available) may be accounted for as provided in subsection (a) of said section 303. *There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$611,230,000, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section, are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.*

SEC. 302. (a) In order to further the purpose of this Act through the strengthening of the area covered in section 301 of this Act (but not including the Republic of Korea), there are hereby authorized to be appropriated to the President, for the fiscal year 1952, not to exceed \$237,500,000 for economic and technical assistance in those portions of such area which the President deems to be not under Communist control. Funds appropriated pursuant to authority of this section shall be available under the applicable provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), and of the Act for International Development (22 U. S. C. 1557). In addition, unexpended balances of funds heretofore made available for carrying out the purposes of the China Area Aid Act of 1950 (22 U. S. C. 1547), are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this section. *There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$408,000,000, to carry out the purposes and provisions of this subsection; and in addition unexpended balances of any appropriations heretofore made pursuant to this subsection are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized. Appropriations made pursuant to this subsection may be used without being limited by section 503 of this Act.*

(b) The third proviso of section 202 of the China Area Aid Act of 1950 is amended by inserting "and of Korea" after "selected citizens of China" the first time it appears therein. *Unexpended balances of allocations heretofore made to the Secretary of State pursuant to that proviso shall be continued available until expended.*

SEC. 303. (a) In order to provide for a United States contribution to the United Nations Korean Reconstruction Agency, established by the resolution of the General Assembly of the United Nations of December 1, 1950, there are hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$45,000,000. In addition, unobligated balances of the appropriations heretofore made, and available during the fiscal year 1951, for assistance to Korea under authority of the Far Eastern Economic Assistance Act of 1950, as amended (22 U. S. C. 1543, 1551, 1552), are hereby authorized to be continued available through June 30, [1952] 1953, and to be consolidated with the appropriation authorized by this section. *In addition, the United States Department of the Army is hereby authorized to make available to the United Nations Korean Reconstruction Agency, at the time when that Agency assumes full responsibility for relief and rehabilitation in Korea, goods and services of a value not to exceed \$67,500,000 which the Department of the Army then has on hand or on order for civilian relief in Korea and which the President determines should be contributed by the United States to the United Nations Korean Reconstruction Agency for use in its relief and rehabilitation operations in Korea. The value of goods and services made available pursuant to the preceding sentence shall be credited toward the contribution to be made by the United States to the United Nations Korean Reconstruction Agency. Not to exceed 50 per centum of the total of the appropriations authorized by this section may, when determined by the President to be necessary for the purpose of this Act, be transferred to and consolidated with the appropriation authorized by paragraph 302 (a).*

(b) The sums made available pursuant to subsection (a) may be contributed from time to time on behalf of the United States in such amounts as the President

determines to be appropriate to support those functions of the United Nations Korean Reconstruction Agency which the military situation in Korea permits the Agency to undertake pursuant to arrangements between the Agency and the United Nations Unified Command. [The aggregate amount which may be contributed on behalf of the United States pursuant to the preceding sentence shall be reduced by the value of goods and services made available to Korea by any department or agency of the United States for relief and economic assistance after the assumption of responsibility for relief and rehabilitation operations in Korea by the United Nations Korean Reconstruction Agency.]

(c) The provisions of subsections 304 (a) and (b) of the United Nations Palestine Refugee Aid Act of 1950 (22 U. S. C. 1556 (b)) are hereby made applicable with respect to Korean assistance furnished under this section.

(d) Unencumbered balances of sums heretofore or hereafter deposited in the special account established pursuant to paragraph (2) of article V of the agreement of December 10, 1948, between the United States of America and the Republic of Korea (62 Stat., part 3, 3788) shall be used in Korea for such purposes as the President determines to be consistent with United Nations programs for assistance to Korea and as may be agreed to between the Government of the United States and the Republic of Korea.

(e) The functions of the Administrator for Economic Cooperation under the provisions of section 3 of the Far Eastern Economic Assistance Act of 1950, as amended (22 U. S. C. 1551), shall hereafter be performed by such departments or agencies of the Government as the President shall direct.

TITLE IV—AMERICAN REPUBLICS

SEC. 401. In order to further the purpose of this Act through the furnishing of military assistance to the other American Republics, there are hereby authorized to be appropriated to the President, for the fiscal year 1952, not to exceed \$38,150,000 for carrying out the purposes of this section under the provisions of the Mutual Defense Assistance Act of 1949, as amended: *Provided*, That such assistance may be furnished only in accordance with defense plans which are found by the President to require the recipient country to participate in missions important to the defense of the Western Hemisphere. Any such assistance shall be subject to agreements, as provided herein and as required by section 402 of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1573), designed to assure that the assistance will be used to promote the defense of the Western Hemisphere; and after agreement by the Government of the United States and the country concerned with respect to such missions, military assistance hereunder shall be furnished only in accordance with such agreement.

SEC. 402. In order to further the purpose of this Act among the peoples of the American Republics through the furnishing of technical assistance, there are hereby authorized to be appropriated to the President, for the fiscal year 1952, not to exceed \$21,250,000 for assistance under the provisions of the Act for International Development (22 U. S. C. 1557) and of the Institute of Inter-American Affairs Act, as amended (22 U. S. C. 281).

SEC. 403. *In addition to the amounts heretofore authorized and appropriated, there are hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$62,400,000 to carry out the purposes and provisions of section 401 and not to exceed \$22,000,000 to carry out the purposes and provisions of section 402. In addition, unexpended balances of the appropriation heretofore made pursuant to each such section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the applicable appropriation authorized by this section.*

TITLE V—ORGANIZATION AND GENERAL PROVISIONS

UNIFIED DIRECTION OF PROGRAM

SEC. 501. (a) In order that the programs of military, economic, and technical assistance authorized by this Act may be administered as parts of a unified program in accordance with the intent of Congress and to fix responsibility for the coordination and supervision of these programs in a single person, the President is authorized to appoint in the Executive Office of the President a Director for Mutual Security. The Director, on behalf of the President and subject to his direction, shall have primary responsibility for—

(1) continuous supervision and general direction of the assistance programs under this Act to the end that such programs shall be (A) effectively integrated

both at home and abroad, and (B) administered so as to assure that the defensive strength of the free nations of the world shall be built as quickly as possible on the basis of continuous and effective self-help and mutual aid;

(2) preparation and presentation to the Congress of such programs of foreign military, economic, and technical assistance as may be required in the interest of the security of the United States;

(3) preparation for the President of the report to the Congress required by section 518 of this Act.

(b) Except as otherwise provided by this Act, the Director shall not hold any other office or employment under the United States and shall not have any other responsibilities except those directly related to the coordination, supervision, and direction, of the programs covered by this Act or otherwise conferred upon him by law.

(c) The Director shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$22,500 per annum.

(d) For the purpose of carrying out the provisions of this section, the President is authorized to utilize the positions created in subsection 406 (c) of the Mutual Defense Assistance Act of 1949, as amended. No person may serve in any such position under this subsection while at the same time he is an officer or employee of any other department or agency of the Government.

(e) (1) The fourth paragraph of section 101 (a) of the National Security Act of 1947, as amended (50 U. S. C. 402 (a)), is amended by inserting after clause (4) the following:

“(5) the Director for Mutual Security;”

and by renumbering clauses (5) and (6) thereof as clauses (6) and (7), respectively.

(2) Section 4 (a) of Public Law 171, Seventy-ninth Congress, as amended (59 Stat. 512), is amended by striking out “Economic Cooperation Administration” and inserting in lieu thereof “Mutual Security Agency” and by striking out “Administrator for Economic Cooperation” and inserting in lieu thereof “Director for Mutual Security”.

MUTUAL SECURITY AGENCY

SEC. 502. (a) The Economic Cooperation Administration and the offices of Administrator for Economic Cooperation, Deputy Administrator, United States Special Representative in Europe, and Deputy Special Representative are hereby abolished.

(b) To assist in carrying out the purpose of this Act—

(1) there is hereby established, with its principal office at the seat of the government, a Mutual Security Agency, hereinafter referred to as the Agency, which shall be headed by the Director for Mutual Security; and

(2) there shall be transferred to the Director the powers, functions, and responsibilities conferred upon the Administrator for Economic Cooperation by the Economic Cooperation Act of 1948, as amended, and by any other law, but no such powers, functions, and responsibilities shall be exercised after June 30, 1952, except as provided in subsection (c) of this section.

(c) Not later than April 1, 1952, the President shall inform the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives which of the powers, functions, and responsibilities transferred to the Director by subsection (b) (2) are found by the President to be necessary to enable the Director after June 30, 1952, to carry out the duties conferred upon him by section 503. The termination provisions of section 122 of the Economic Cooperation Act of 1948, as amended, shall come into effect on June 30, 1952, and none of the powers, functions, and responsibilities conferred by that Act shall be exercised after that date, except those powers, functions, and responsibilities found necessary to enable the Director to carry out the duties conferred on him by section 503 of this Act, which powers, functions, and responsibilities unless otherwise provided by law shall continue in effect until June 30, 1954.

ADDITIONAL DUTIES OF DIRECTOR FOR MUTUAL SECURITY

SEC. 503. After June 30, 1952, the Director, on behalf of the President and subject to his direction, shall, in consultation with the Secretaries of State and Defense, continue to have primary responsibility for—

(a) the development and administration of programs of assistance designed to sustain and increase military effort, including production, construction,

equipment and matériel in each country or in groups of countries which receive United States military assistance;

(b) the provision of such equipment, materials, commodities, services, financial, or other assistance as he finds to be necessary for carrying out mutual defense programs; and

(c) the provision of limited economic assistance to foreign nations for which the United States has responsibility as a result of participation in joint control arrangements when the President finds that the provision of such economic assistance is in the interest of the security of the United States.

APPOINTMENT AND TRANSFER OF PERSONNEL

SEC. 504. (a) To carry out the functions conferred by sections 502 and 503 of this Act, there shall be in the Agency a Deputy Director, a Special Representative in Europe, and a Deputy Special Representative in Europe, who shall be appointed by the President by and with the advice and consent of the Senate, and shall have status and receive compensation comparable to the equivalent positions under the Economic Cooperation Act of 1948, as amended.

(b) Any personnel of the Economic Cooperation Administration, upon the certification of the Director for Mutual Security and with the approval of the Director of the Bureau of the Budget that such personnel are necessary to carry out the functions of the Director for Mutual Security, and all records and property of such Administration which the Director of the Bureau of the Budget determines are used primarily in the administration of the powers and functions transferred to the Director for Mutual Security by this Act, shall be transferred to the Mutual Security Agency.

(c) Of the personnel transferred to or employed by the Mutual Security Agency, not to exceed fifty may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$15,000 per annum. Such positions shall be in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(d) On and after January 1, 1952, the number of United States citizens employed by the Mutual Security Agency shall be at least 10 per centum less than the number employed by the Economic Cooperation Administration on August 31, 1951: *Provided*, That the Director for Mutual Security shall cause studies to be made from time to time for the purpose of determining whether further reductions in personnel are feasible and consistent with the accomplishment of the purposes of this Act.

THE SECRETARY OF STATE

SEC. 505. Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

THE SECRETARY OF DEFENSE

SEC. 506. (a) In the case of aid under this Act for military end items and related technical assistance and advice, the Secretary of Defense shall have primary responsibility and authority for—

- (1) the determination of military end-item requirements;
- (2) the procurement of military equipment in a manner which permits its integration with service programs;
- (3) the supervision of end-item use by the recipient countries;
- (4) the supervision of the training of foreign military personnel; and
- (5) the movement and delivery of military end items.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. The apportionment of funds between countries shall be determined by the President.

(c) Notwithstanding any other provision of law, during the fiscal year 1952 the Secretary of Defense may furnish (subject to reimbursement from funds appropriated pursuant to this Act) military assistance out of the materials of war whose production in the United States shall have been authorized for, and appropriated to, the Department of Defense: *Provided, however*, That nothing in this Act shall authorize the furnishing of military items under this subsection in excess of \$1,000,000,000 in value. For the purposes of this subsection (1) "value" shall be determined in accordance with section 402 (c) of the Mutual Defense Assistance Act of 1949, as amended, and (2) the term "materials of war" means those goods,

commonly known as military items, which are required for the performance of their missions by armed forces of a nation, including weapons, military vehicles, ships of war under fifteen hundred tons, aircraft, military communications equipment, ammunition, maintenance parts and spares, and military hardware.

OVERSEAS COORDINATION

SEC. 507. The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

RELATIONSHIP TO TECHNICAL COOPERATION ADMINISTRATION AND INSTITUTE OF INTER-AMERICAN AFFAIRS

SEC. 508. Nothing in this Act shall be construed to modify the provisions of section 412 of the Act for International Development or the provisions of the Institute of Inter-American Affairs Act.

DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS

SEC. 509. Whenever the President determine it to be consistent with and in furtherance of the purpose of this Act, the head of any Government agency is authorized to—

(a) detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government; and

(b) detail, assign, or otherwise make available to any international organization in which the United States participates, any officer or employee of his agency to serve with or as a member of the international staff of such organizations.

Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds made available to that agency out of funds authorized under this Act.

SECURITY CLEARANCE

SEC. 510. No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director or the Secretary of State under this Act or the Act for International Development for a period to exceed three months unless (a) such individual has been investigated as to loyalty and security by the Federal Bureau of Investigation and a report thereon has been made to the Director or the Secretary of State, as the case may be, and until the Director or the Secretary of State has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never been a member of any organization advocating contrary views; or (b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs. This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this Act who has been previously investigated in connection with such employment.

ELIGIBILITY FOR ASSISTANCE

SEC. 511. (a) No military, economic, or technical assistance authorized pursuant to this Act (other than assistance provided under section 408 (e) of the Mutual Defense Assistance Act of 1949, as amended) shall be supplied to any nation in order to further military effort unless the President finds that the supply-

ing of such assistance will strengthen the security of the United States and unless the recipient country has agreed to—

(1) join in promoting international understanding and good will, and maintaining world peace;

(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

(3) fulfill the military obligations which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

(5) take all reasonable measures which may be needed to develop its defense capacities; and

(6) take appropriate steps to insure the effective utilization of the economic and military assistance provided by the United States.

(b) No economic or technical assistance shall be supplied to any other nation unless the President finds that the supplying of such assistance will strengthen the security of the United States and promote world peace, and unless the recipient country has agreed to join in promoting international understanding and good will, and in maintaining world peace, and to take such action as may be mutually agreed upon to eliminate causes of international tension.

FUTURE AUTHORIZATIONS

SEC. 512. In order to carry out the purpose of this Act, with respect to those countries eligible to receive assistance as provided herein, funds shall be available as authorized and appropriated to the President each fiscal year.

TRANSFERABILITY BETWEEN TITLES

SEC. 513. Whenever the President determines it to be necessary for the purpose of this Act, not to exceed 10 per centum of the funds made available under any title of this Act may be transferred to and consolidated with funds made available under any other title of this Act in order to furnish, to a different area, assistance of the kind for which such funds were available before transfer. Whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives. In the case of the transfer of funds available for military purposes, he shall also forthwith notify the Committees on Armed Services of the Senate and House of Representatives.

[STRATEGIC MATERIALS

[SEC. 514. In order to promote the increased production, in areas covered by this Act, of materials in which the United States is deficient, not to exceed \$55,000,000 of the funds authorized to be appropriated pursuant to section 101 (a) (2) of this Act may be used pursuant to the authority contained in the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522).]

PROTECTION AGAINST ATTACHMENT

SEC. 515. All countries participating in any United States aid program or in any international organization receiving United States aid shall be required to so deposit, segregate, or assure title to all funds allocated to or derived from any program so that the same shall not be subject to garnishment, attachment, seizure, or other legal process by any person, firm, agency, corporation, organization, or government when in the opinion of the Director any such action would interfere with the attainment of the objectives of this Act.

ENCOURAGEMENT OF FREE ENTERPRISE

SEC. 516. It is hereby declared to be the policy of the Congress that this Act shall be administered in such a way as (1) to eliminate the barriers to, and provide the incentives for, a steadily increased participation of free private enterprise in developing the resources of foreign countries consistent with the policies of this Act, (2) to the extent that it is feasible and does not interfere with the achievement of the purposes set forth in this Act, to discourage the cartel and monopolistic

business practices prevailing in certain countries receiving aid under this Act which result in restricting production and increasing prices, and to encourage where suitable competition and productivity, and (3) to encourage where suitable the development and strengthening of the free labor union movements as the collective bargaining agencies of labor within such countries.

PATENTS AND TECHNICAL INFORMATION

SEC. 517. (a) As used in this section—

(1) the term "invention" means an invention or discovery covered by a patent issued by the United States, and

(2) the term "information" means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purpose of this Act—

(1) use within the United States, without authorization by the owner, shall be made of an invention, or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees, the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate department or agency of the Government, which has furnished any assistance in furtherance of the purpose of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

(d) The provisions of the last sentence of section 1498 of Title 28 of the United States Code shall apply to inventions and information covered by this section.

(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

REPORTS

SEC. 518. The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress, in lieu of any reports otherwise required by laws continued in effect by this Act, reports covering each six months of operations in furtherance of the purpose of this Act, except information the disclosure of which he deems incompatible with the security of the United States. The first such report shall cover the six-month period commencing on the date this Act becomes effective. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

LOCAL CURRENCY

SEC. 519. [(a)] Upon a determination by the Director that it will further the purpose of this Act, not to exceed \$10,000,000 of the funds made available pursuant to section 203 of this Act and not to exceed \$25,000,000 of funds made available pursuant to section 302 of this Act may be advanced *out of funds made available for assistance under the Economic Cooperation Act* to countries covered by said sections in return for equivalent amounts of the currency of such countries being made available to meet local currency needs of the aid programs in such countries pursuant to agreements made in advance with the United States: *Provided*, That except when otherwise prescribed by the Director as necessary to the effective accomplishment of the aid programs in such countries, all funds so advanced shall be held under procedures set out in such agreements until used

to pay for goods and services approved by the United States or until repaid to the United States for reimbursement to the appropriation from which drawn.

(b) In order to assist in carrying out the provisions of the Economic Cooperation Act of 1948, as amended, not to exceed \$50,000,000 of funds made available under the authority of this Act for assistance pursuant to the provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), may be used to acquire local currency for the purpose of increasing the production of materials in which the United States is deficient.

GUARANTIES

SEC. 520. Funds realized from the sales of notes pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be available for making guaranties of investments in accordance with the applicable provisions of sections 111 (b) (3) and 111 (c) (2) of the Economic Cooperation Act, as amended, in any area in which assistance is authorized by this Act.

ADMINISTRATIVE EXPENSES

SEC. 521. Funds made available for carrying out the provisions of title I of this Act shall be available for United States participation in the acquisition or construction of facilities in foreign countries for collective defense: *Provided*, That no part of such funds shall be expended for rental or purchase of land or for payment of taxes. Such funds shall also be available for the administrative expenses of carrying out the purposes of all of the titles of this Act, including expenses incident to United States participation in international security organizations and expenses in the United States in connection with programs authorized under the Act for International Development. Any currency of any nation received by the United States for its own use in connection with assistance furnished by the United States may be used by any agency of the Government without reimbursement from any appropriation for the administrative and operating expenses of carrying out the purpose of this Act. Funds made available for carrying out the purpose of this Act in the Federal Republic of Germany may, as authorized in subsection 114 (h) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1512 (h)), be transferred by the President to any department or agency for the expenses necessary to meet the responsibilities and obligations of the United States in the Federal Republic of Germany.

[LOANS

[SEC. 522. Section 111 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), is hereby amended by adding a new paragraph as follows:

["(3) Of the assistance provided under the applicable provisions of this Act with funds made available under the authority of the Mutual Security Act of 1951, as great an amount (in no event less than 10 per centum) as possible shall be provided on credit terms."]

USE OF COUNTERPART

SEC. 523. Section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1513 (b) (6)), is hereby amended by—

(a) inserting in the second proviso thereof after "wealth" the following: "for the encouragement of emigration pursuant to subsection (c) of this section";

(b) adding in the last clause of the second proviso "and operating" after "administrative";

(c) striking from the last clause of the second proviso "within such country";

(d) substituting in the fourth proviso the words "upon termination of assistance to such country under this Act" in place of the words "on June 30, 1952"; and

(e) adding at the end thereof the following new sentences: "The Administrator shall exercise the power granted to him by this paragraph to make agreements with respect to the use of the funds deposited in the special accounts of 'participating countries' (as defined in section 103 (a) hereof) and any other countries receiving assistance under the Mutual Defense Assistance Act of 1949, as amended, in such a manner that the equivalent of not less

than \$500,000,000 of such funds shall be used exclusively for military production, construction, equipment, and matériel in such countries. The amount to be devoted from each such special account for such use shall be agreed upon by the Administrator and the country or countries concerned."

RETURN OF EQUIPMENT

SEC. 524. The President shall make appropriate arrangements with each nation receiving equipment or material under the Mutual Defense Assistance Act of 1949, as amended (other than equipment or material furnished under terms requiring the nation to reimburse the United States in full therefor), for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any of such equipment or material as is no longer required for the purposes for which originally made available.

REIMBURSABLE AID

SEC. 525. Section 408 (e) of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1580), is hereby amended by adding in the first proviso thereof, after the words "of which it is a part", the words "or in United Nations collective security arrangements and measures", and by changing the figure at the end of such section 408 (e) to "\$500,000,000".

EXCESS EQUIPMENT

SEC. 526. The proviso in the first sentence of section 403 (d) of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1574 (d)), is hereby amended to read as follows: "Provided, That after June 30, 1950, such limitation shall be increased by \$250,000,000 and after June 30, 1951, by an additional \$300,000,000".

CONGRESSIONAL COMMITTEE EXPENSES

SEC. 527. Section 115 (h) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1513 (h)) is amended by inserting before the period at the end thereof a comma and the following: "including local currency requirements of appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946".

UNITED NATIONS TECHNICAL ASSISTANCE

SEC. 528. The Act for International Development is amended—

(a) By adding before the period at the end of section 404 (b) the following: "Provided, That for the fiscal year ending June 30, 1952, such contributions from funds made available under authority of sections 101 (a) (2), 203, 302, and 402 of the Mutual Security Act of 1951 shall not exceed in the aggregate \$13,000,000, and the use of such contributions shall not be limited to the area covered by the section of the Act from which the funds are drawn".

(b) By adding at the end of section 407 a new paragraph:

"(d) Participating countries shall be encouraged to establish fair labor standards of wages and working conditions and management-labor relations."

(c) By repealing section 414.

TERMINATION OF ASSISTANCE BY PRESIDENT

SEC. 529. If the President determines that the furnishing of assistance to any nation—

(a) is no longer consistent with the national interest or security of the United States or the policies and purpose of this Act; or

(b) would contravene a decision of the Security Council of the United Nations; or

(c) would be inconsistent with the principle that members of the United Nations should refrain from giving assistance to any nation against which the Security Council or the General Assembly has recommended measures in case of a threat to, or breach of, the peace, or act of aggression, he shall terminate all or part of any assistance furnished pursuant to this Act. The function conferred herein shall be in addition to all other functions heretofore conferred with respect to the termination of military, economic, or technical assistance.

EXPIRATION OF PROGRAM

SEC. 530. (a) After June 30, 1954, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, none of the authority conferred by this Act or by the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) may be exercised; except that during the twelve months following such date equipment, materials, commodities, and services with respect to which procurement for, shipment to, or delivery in a recipient country had been authorized prior to such date, may be transferred to such country, and funds appropriated under authority of this Act may be obligated during such twelve-month period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer and shall remain available during such period for the necessary expenses of liquidating operations under this Act.

(b) At such time as the President shall find appropriate after such date, and prior to the expiration of the twelve months following such date, the powers, duties, and authority conferred by this Act and by the Mutual Defense Assistance Act of 1949, as amended, may be transferred for the purpose of liquidation to such other departments, agencies, or establishments of the Government as the President shall specify, and the relevant funds, records, property and personnel may be transferred to the departments, agencies, or establishments to which the related functions are transferred.

EFFECTIVE DATE

SEC. 531. Sections 502 (a), (b) (2), and section 504 (b) of this Act shall take effect on such date or dates as the President shall specify, but in no event later than sixty days after the date the Director first appointed takes office. Section 511 shall take effect ninety days after enactment of this Act. All other provisions of this Act shall take effect upon the date of its enactment.

SEC. 532. *The provisions of section 119 of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1517), shall apply to the performance of functions authorized by this Act.*

SEC. 533. *Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), any retired officer of any of the services mentioned in title 37 of the United States Code may hold any office or appointment under this Act, and receive compensation in accordance with the provisions of the Act of June 30, 1932 (5 U. S. C. 59a).*

SEC. 534. *In order to encourage further the movement of migrants from European countries having surplus population, there is hereby authorized to be appropriated to the President \$10,000,000 for use in making contributions for the calendar year 1953 to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe established at Brussels, Belgium, on December 5, 1951, or to any successor organization.*

SEC. 535. *The authority to pay ocean freight charges on shipments of relief supplies and packages under subsection 117 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1515 (c)), shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate: Provided, That not to exceed \$2,800,000 are authorized to be appropriated to the President for the fiscal year 1953 for use in paying ocean freight charges under subsection 117 (c) of the Economic Cooperation Act of 1948, as amended.*

MUTUAL DEFENSE ASSISTANCE ACT OF 1949, AS AMENDED
(22 U. S. C. 1571-1604)

*	*	*	*	*	*	*
SEC. 403. (a)	*	*	*			
	*	*	*	*	*	*

(d) Not to exceed \$450,000,000 worth of excess equipment and materials may be furnished under this Act or may hereafter be furnished under the Act of May 22, 1947, as amended: *Provided, That after June 30, 1950, such limitation shall be increased by \$250,000,000 and after June 30, 1951, by an additional \$300,000,000, and after June 30, 1952, by an additional \$200,000,000.* For the purposes of this subsection, the worth of any excess equipment or materials means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or

materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment or materials owned by the furnishing agency.

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SEC. 408. (a) * * * *

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“(c) (1) [The] the President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, [materials] materials, or services to: (A) nations eligible for assistance under title I, II, [or III of this Act,] III, or IV of the Mutual Security Act of 1951, or (B) a nation which has joined with the United States in a collective defense and regional arrangement, or (C) any international military organization or headquarters when, in the opinion of the President, such assistance will further the purposes of this Act, or [(C)] (D) any other nation not eligible to join a collective defense and regional arrangement referred to in clause (B) above, but whose ability to defend itself or to participate in the defense of the area of which it is a part, is important to the security of the United States: *Provided*, That prior to the transfer of any equipment, materials, or services to a nation under this clause [(C)] (D), it shall provide the United States with assurance that such equipment, materials, or services are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state: *Provided further*, That, in the case of any such transfer, the President shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

(2) Whenever equipment or material is transferred from the stocks of, or services are rendered by, any agency, to any nation or international organization as provided in paragraph (1) above, such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter. The fair value for the purpose of this paragraph shall not be less for the various categories of equipment or materials than the [“value”] value as defined in subsection (c) of section 403: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than the value specified in paragraph 1 of that subsection plus (a) 10 per centum of the original gross cost of such equipment or materials; (b) the scrap value; or (c) the market value, if ascertainable, whichever is the greater. Before a contract is entered into, or rehabilitation work is undertaken, such nation shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided*, That the total amount of outstanding contracts under the subsection, less the amounts which have been paid the United States by such nations, shall at no time exceed [\$500,000,000] \$700,000,000.

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ACT FOR INTERNATIONAL DEVELOPMENT

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SEC. 404. (a) * * * *

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(b) Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations for technical cooperation programs carried on by it and its related organizations which will contribute to accomplishing the purposes of

this title as effectively as would participation in comparable programs on a bilateral basis. The President is further authorized to make contributions for technical cooperation programs carried on by the Organization of American States, its related organizations, and by other international organizations: *Provided, That for the fiscal year ending June 30, 1952, such contributions from funds made available under authority of sections 101 (a) (2), 203, 302, and 402 of the Mutual Security Act of 1951 shall not exceed in the aggregate \$13,000,000, and the use of such contributions shall not be limited to the area covered by the section of the Act from which the funds are drawn. Provided further, That for the fiscal year 1953 not to exceed \$17,000,000 is authorized to be appropriated to the President for use in making contributions under this subsection.*

* * * * *

SEC. 413. In order to carry out the purposes of this title—

[(a)] The President shall appoint, by and with the advice and consent of the Senate, [a person] *an Administrator for Technical Cooperation*, who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of [\$15,000] *\$16,000 per annum. The President may also appoint, by and with the advice and consent of the Senate, a Deputy Administrator for Technical Cooperation who shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Technical Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator. The Deputy Administrator shall receive compensation at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum.*

APPENDIX IV

SECTION-BY-SECTION ANALYSIS

The enacting clause contains the title of the act, "Mutual Security Act of 1952."

Section 2.—This section gives strong emphasis to the view of the Congress that European military and economic unification, and eventual political federation, are of critical importance to strength, security, and peace in the North Atlantic area. It puts the weight of the Mutual Security Program behind European efforts toward unity. In particular, it permits the Director to provide assistance, both military and defense support, and in the case of defense support also to furnish funds, to three specific European organs of unification: NATO, the Schuman Plan Organization, and the organization which may result from current discussions concerning a European Defense Community.

This section, as recommended by the committee, is identical with the section reported by the Senate Foreign Relations Committee in S. 3086.

Section 3 (a).—This section includes Spain by name as being eligible to receive assistance under section 101 of the Mutual Security Act.

Section 3 (b).—This section authorizes new appropriations of \$3,316,000,000 for military assistance to Western Europe. It also continues available for this purpose balances of prior appropriations unobligated at June 30, 1952, or subsequently released from obligation. In other subsequent authorization sections the provision for carry-over is expressed in this manner. Funds carried over may be used for their original purposes.

Section 3 (c).—This section authorizes the appropriation of \$1,636,300,000 for economic and defense support assistance to European countries (including Greece and Turkey), and for economic assistance to Austria and Trieste.

Section 3 (d).—This section authorizes carry-over of unexpended balances of last year's appropriation for assistance to Spain, and sets aside for assistance to Spain no less than \$25 million of the funds newly authorized under sections 3 (b) and (c) of this bill.

Section 4 (a).—This section authorizes the appropriation of \$606,-370,000 for military assistance to Greece, Turkey, and Iran, and subject to the provisions of section 202 of the Mutual Security Act, to other countries of the Near East and Africa.

Section 4 (b).—This section authorizes the appropriation of \$55,000,-000 for economic and technical assistance for the Near East and Africa.

Section 4 (c).—This section authorizes contribution of \$65,000,000 for United Nations Palestine refugee relief, and an appropriation of \$76,000,000 for assistance to Israel under the terms of section 205 of the Mutual Security Act of 1951. To the extent that funds authorized by this section cannot be effectively used for Arab refugees or for refugee assistance to Israel, they may be added to the funds appropriated for economic and technical assistance under the preceding section.

Section 5 (a).—This section authorizes the appropriation of \$611,-230,000 for military and other assistance to countries in Asia and the Pacific.

Section 5 (b).—This section authorizes the appropriation of \$408 million for economic and technical assistance for Asia and the Pacific. Use of these funds is limited by the provision of section 503 of the Mutual Security Act of 1951, which provides that economic assistance after June 30, 1952, shall be for the purpose of carrying out mutual defense programs. The effect of this is that programs in Burma and Indonesia (where there are at present no mutual defense programs) can no longer be carried on, as they are at present, under the authority of the Economic Cooperation Act. Programs in those countries after June 30, 1952, can be conducted under authority of the Act for International Development.

Section 5 (c).—This section clarifies the point that funds previously appropriated for assistance to Chinese and Korean students in the United States continue available until expended.

Section 5 (d).—This section continues available for authorization and appropriation through fiscal 1953 the \$45 million authorized by the Mutual Security Act of 1951 but not appropriated last year for the United Nations Korean Reconstruction Agency (UNKRA).

Section 5 (e).—This section continues available through fiscal 1953 unexpended balances of funds made available last year from earlier appropriations for UNKRA.

Sections 5 (f) and (g).—These sections substitute a new provision for the present set-off provision in subsection 303 (b) of the Mutual Security Act of 1951. The existing language requires the United States contribution to UNKRA authorized by section 303 to be reduced by the value of relief assistance supplied to Korea after UNKRA starts operations in Korea. The new provision expressly authorizes the Department of the Army, when UNKRA assumes full responsibility for relief and rehabilitation in Korea, to turn over to UNKRA up to \$67,500,000 worth of the goods and services it has on hand or on order for Korean relief; and it requires that the value of goods and services contributed to UNKRA from this Army "pipeline" be credited against the total amount the United States is pledged to contribute to UNKRA. The contribution from the pipeline would

thus be in addition to any cash contribution made to UNKRA out of appropriations authorized by section 303 only to the extent that the President determines such pipeline contribution should be made.

Section 6.—This section amends section 402 of the Mutual Security Act of 1951 to permit assistance pursuant to the Act for International Development to be furnished to non-self-governing territories in the Western Hemisphere as well as to the American Republics. It also authorizes the appropriation of \$62,400,000 for military assistance and \$22,000,000 for technical assistance in the title IV area.

Section 7 (a).—This section repeals section 522 of the Mutual Security Act of 1951 which required that at least 10 percent of the total amount of assistance supplied under the Economic Cooperation Act should be in the form of loans.

Section 7 (b).—This section amends section 501 of the Mutual Security Act of 1951, relating to the coordinating and supervising responsibilities of the Director for Mutual Security, by requiring him to supervise, coordinate and evaluate reporting by the various governmental agencies conducting operations under that act, with a view to preventing duplication and insuring a reduction of reporting requirements to the minimum essential for effective operation.

Section 7 (c).—This section amends section 504 (c) of the Mutual Security Act of 1951 to permit the departments and agencies carrying on activities under the Mutual Security Act of 1951 to draw upon the 50 special positions above GS-15 provided for by that section. These positions will be more useful to the Mutual Security Program as a whole if the Technical Cooperation Administration and the Departments of State and Defense can use these positions for carrying out the program, and not just the Mutual Security Agency, as heretofore.

The amendment neither creates an additional number of special positions nor does it decrease the existing number. Thus, the exception of "appointments authorized by law to be made by the President" is designed to make it clear that this amendment will not affect the four positions created by section 406 (e) of the Mutual Defense Assistance Act and referred to in section 501 (d) of the Mutual Security Act of 1951.

Section 7 (d).—This section requires a further reduction of personnel. Within 90 days of the enactment of this bill the total number of United States citizens engaged in the Mutual Security Program must be reduced by at least 10 percent below the January 1, 1952 level of employment. Excepted from this provision are (a) Defense Department personnel engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of matériel, and (b) civilian employees not paid from administrative expense appropriations for the Mutual Security Program.

Section 7 (e).—This section amends section 506 (c) of the Mutual Security Act of 1951 so that the Secretary of Defense may furnish, without reimbursement from Mutual Security appropriations, military assistance in an amount up to \$1 billion out of materials of war whose production in the United States shall have been authorized for and appropriated to the Department of Defense.

Section 7 (f).—This section provides that not less than \$1 billion of military assistance funds shall be expended for procurement of military end items from sources outside the United States.

Section 7 (g).—This section adds a new subsection (c) to section 511 of the Mutual Security Act of 1951. The new provision requires the Director for Mutual Security, in the interest of effective utilization of United States resources for stimulating and accelerating positive accomplishments toward mutual security, to take whatever steps he may find suitable or appropriate to assure effective use by countries receiving assistance under the Mutual Security Act of their own resources, including fiscal and budgetary, for mutual security. It also requires him, in making assistance available under the act, to take into account the progress made by such countries in the utilization of their resources for mutual security. It is anticipated that, in discharging his responsibilities under this provision, the Director will take into account the use of a country's resources, including counterpart funds, in relation to the specific objectives of the assistance being provided under the act to each particular country.

Section 7 (h).—This section authorizes the President to supply a limited quantity of assistance without regard to conditions of eligibility otherwise applicable, when he determines that such assistance is important to the security of the United States. The committee considered it important to provide for some flexibility to deal with emergency situations and to provide limited amounts of assistance in circumstances which do not warrant the negotiation of agreements.

Section 7 (i).—This section amends section 514 of the Mutual Security Act of 1951 by deleting the present provision authorizing the use of up to \$55,000,000 of defense support funds under title I for the promotion of increased production of materials in which the United States is deficient. It replaces this with a provision making clear the authority of the Director to initiate projects for, and assist in procuring and stimulating increased production of, materials in short supply among nations receiving United States assistance. It is the purpose of this new provision to reduce the drain on United States resources occasioned by the Mutual Security Program and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world.

Section 7 (j).—This section amends section 516 of the Mutual Security Act by adding a new subsection which contains three requirements: (1) The Mutual Security Agency, in cooperation with private business groups and appropriate Government agencies, must broaden its guaranty criteria so as to facilitate the participation of private capital in guaranties. The Agency must also conduct a thorough study of impediments and obstacles to private investment abroad, followed by recommendations to the Director for Mutual Security. (2) The Department of State must accelerate a program of negotiating arrangements with recipient countries and include therein provisions to stimulate the flow of private investment. (3) The Technical Cooperation Administration must award more private contracts to private industry and find and draw the attention of private enterprise to investment and development opportunities in underdeveloped areas.

Section 7 (k).—This section is a perfecting amendment designed to clarify the meaning of section 519 (a) of the Mutual Security Act of 1951 by specifying that it does not apply to funds available under the Act for International Development which has separate authority in this respect. Section 519 (a) permits use of a limited part of the

sums appropriated for economic and technical assistance in the title II and title III areas to acquire foreign currencies needed for the MSA programs in those areas.

Section 7 (l).—This section adds a number of new sections to the Mutual Security Act of 1951.

(1) A new section 532 is added, which provides that section 119 of the Economic Cooperation Act shall apply to all operations or functions carried on under the Mutual Security Act of 1951. Section 119 of the Economic Cooperation Act gives the President the power to exempt functions carried on under that act from laws which govern contracting by agencies of the United States and from laws regulating the expenditure of Government funds, so that section 532 allows exemption from these laws by Presidential order, of any of the functions or activities carried on under the Mutual Security Program, e. g., the offshore procurement program. These laws constitute impediments to the conduct of vital functions under the Mutual Security Program that are quite unlike domestic programs of the United States Government to which the laws primarily relate.

(2) Title 5, United States Code, section 62, prohibits any retired officer of the Army, Navy, and other uniformed services, whose retirement pay is \$2,500 a year, or more, from holding any other office or position under the United States Government, unless specially authorized by law. The proposed new section 533 would give this special authority, and would thus allow the Mutual Security Program to call upon the experience and skill of retired military officers. The proposed section would also permit a retired officer given a civilian position in the Mutual Security Program to elect to receive either his retired pay or the pay of his civilian position or both, if they do not exceed \$3,000, as permitted generally by the terms of the statute set out at title 5, United States Code, section 59 (a).

(3) The new section 534 authorizes funds for United States contributions to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe (PICMME). Paragraph 101 (a) (2) of the Mutual Security Act of 1951 permits not to exceed \$10,000,000 of the funds appropriated for economic assistance in the title I area to be used to encourage emigration in accordance with the terms of section 115 (e) of the Economic Cooperation Act. These funds have been allocated for contributions to PICMME for its calendar year 1952 needs. The new section authorizes the appropriation of \$10 million for contributions to PICMME for its calendar year 1953 needs. The new funds will remain available for obligation until the end of calendar year 1953. None of the United States funds may be used to pay the salary or expenses of the PICMME Director General if he was ever employed by UNRRA or IRO.

(4) The new section 535 permits the Director for Mutual Security to make available, from any of the funds authorized under this act for defense support, economic, or technical assistance, not more than \$100 million as a subscription to the capital of an International Finance Corporation which may be formed as an affiliate of the International Bank for Reconstruction and Development. The purpose is to increase private enterprise and investment participation in developing the resources of the Mutual Security Program areas.

(5) The new section 536 empowers the President to continue for the duration of the Mutual Security Program the relief-package

subsidy program, which has been carried on up to now by ECA and MSA, through any department or agency of the Government he may designate. The section is necessary to prevent the lapse of the relief-package program as a consequence of the President's finding, under section 502 (c) of the Mutual Security Act of 1951, that it is not necessary to continue the function of paying ocean freight on shipments of relief packages provided for in section 117 (c) of the Economic Cooperation Act, after June 30, 1952. The new section also authorizes the appropriation of funds to carry out the relief-package program for fiscal year 1953.

(6) The new section 537 requires that the program of investment and informational media guaranties be continued after June 30, 1952. The authority to continue informational media guaranties has been found by the President, pursuant to section 502 (c) of the Mutual Security Act of 1951 to be unnecessary for the Mutual Security Agency's operations. The committee found that continuance of this program was valuable in the national interest of the United States. The section therefore requires the program to be continued through such department or agency as the President may designate.

Section 8.—This section contains amendments to the Mutual Defense Assistance Act of 1949.

(a) The Mutual Defense Assistance Act contains a limitation on the total amount of military equipment and materials that can be furnished under that act to other countries from excess equipment or materials the United States has on hand. The first subsection of section 8 amends section 403 (d) to raise by \$200,000,000 the amount of excess equipment that can be furnished during the term of the Mutual Security Program. The original limitation in the Mutual Defense Assistance Act was in the amount of \$450,000,000. To this there were added annual increments of \$250,000,000 and \$300,000,000 for the fiscal years 1951 and 1952, respectively. Section 8 (a) thus raises the cumulative limitation to \$1,200,000,000.

(b) Subsection 8 (b) amends section 408 (e) of the Mutual Defense Assistance Act to make several necessary substantive changes. Section 408 (e) now permits the Defense Department to furnish military equipment and materials to certain eligible foreign governments, either by way of transfer from existing military stocks or by entering into procurement contracts on behalf of the foreign government, in return for cash reimbursement, before delivery, of the value of the materials and equipment. The changes made by the amendments are as follows:

(1) First, all countries eligible for grant military assistance under titles I through IV of the Mutual Security Act of 1951 are made eligible to receive materials and equipment under section 408 (e). As the section now stands, countries not eligible for grant military assistance under titles I, II, and III of the Mutual Defense Assistance Act are not eligible for assistance under section 408 (e) unless (a) they have joined with the United States in a collective defense arrangement or, (b) if ineligible to join such an arrangement, their military strength is important to United States security. This has had the practical effect of excluding from eligibility under section 408 (e) certain countries in the Near East and Latin America, which are, however, eligible for grant military assistance. The amendment

removes the paradoxical situation of our being able to give, but not sell, arms to these countries.

(2) Second, language is added explicitly permitting military assistance to be furnished on a reimbursable basis to international military organizations or headquarters, such as SHAPE or the proposed European Defense Community. This would give express authority for the Defense Department to sell equipment to SHAPE or EDC from military stocks or to buy equipment for those organizations under the terms of section 408 (e).

(3) Third, an amendment is made which would avoid the present strict requirement of payment before delivery when the President decides it is in the best interest of the United States. It is intended that exceptions will be made from the requirement of payment in advance only in the case of countries buying large amounts of military equipment from the United States or in other cases of special urgency. Payment would be required within 60 days after delivery in any case and, of course, the United States would insist upon a firm commitment from the country or international organization getting delivery in advance of payment, to pay the full amount within 60 days. The amendment will avoid the present situation where countries must tie up large amounts of money in the United States pending actual delivery of goods under section 408 (e). In most cases the recipient government or international organization would be required to deposit in advance amounts necessary to cover accessorial charges, such as those for packing, handling, crating, and transportation.

(4) Fourth, section 408 (e) is amended to require a "dependable undertaking" from a country receiving equipment from military stocks that has to be rehabilitated to put it into combat-worthy condition. Under the section as it stands, it is required that the value of goods and services furnished under section 408 (e) must be paid for in cash before delivery. It seems prudent also to require that the United States have a firm commitment from a country which has asked to buy materials or equipment that it will bear the expense of modernizing it or putting it into good repair. This would make unnecessary an advance deposit of cash by the recipient government or international body to cover the cost of services rendered in rehabilitating equipment. As a rule, cash progress payments would be required as rehabilitation work advances.

(5) Fifth, as it now stands, section 408 (e) puts a ceiling of \$500,000,000 on the total value of procurement contracts that the Defense Department can enter into to buy new equipment and materials or to obtain services for the benefit of other governments under section 408 (e). The amendment increases the amount to \$700,000,000.

Section 9 (a).—This section provides that recipient countries must furnish the United States with whatever amounts of local currency from the counterpart accounts may be used to purchase, for United States use, materials in which the United States is deficient or potentially deficient.

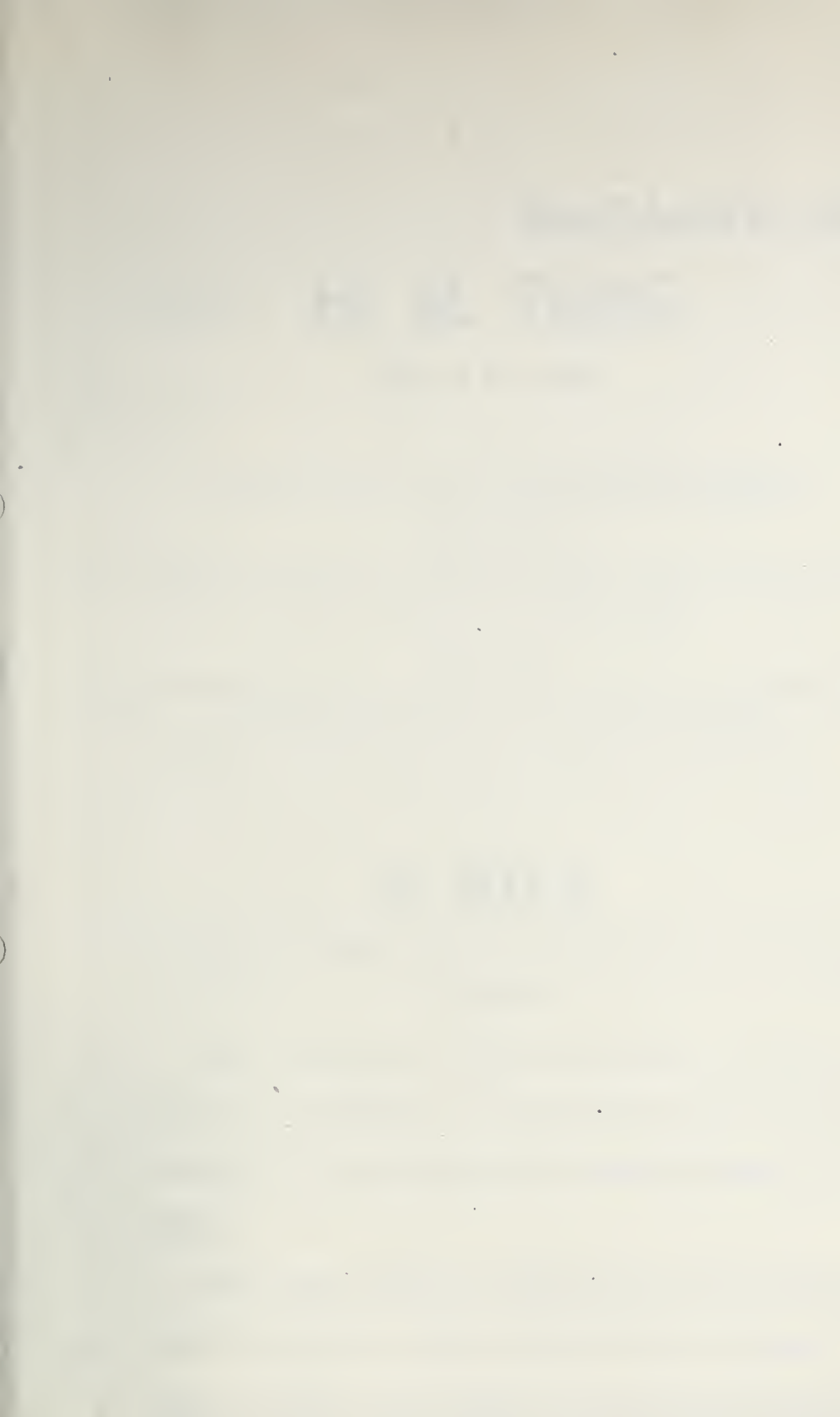
Section 9 (b).—This section would set aside not less than \$100 million of counterpart funds belonging to participating countries for use in carrying out the provisions of section 516 of the Mutual Security Act of 1951.

Section 10.—This section amends the Act for International Development in two respects: (a) It adds a proviso to section 404 (b), authorizing \$17,000,000 in fiscal year 1953 appropriations to be used for

making contributions pursuant to that section in support of United Nations or other multilateral technical assistance programs; (b) it amends section 413 (a) of the Act for International Development to authorize the appointment by the President of an Administrator and a Deputy Administrator for Technical Cooperation, to head up the administration of the point IV program. The Administrator and Deputy Administrator would be subject to Senate confirmation and would receive \$16,000 and \$15,000 salaries, respectively.

Section 11.—This section authorizes appropriations to enable the President to contribute not to exceed \$12,000,000 to the United Nations International Children's Emergency Fund during the period between the passage of this act and December 31, 1953. The latter date is the terminal date provided in Resolution No. 417 of the Fifth Session of the United Nations General Assembly. The section contains a proviso that contributions shall be made in such a manner as to give assurance that they will not exceed 33⅓ percent of contributions from all governments, including those given by governments for the benefit of persons within their own territories. The committee has also inserted a requirement in the section that these funds shall not be used to duplicate activities of other agencies of the United Nations.





82D CONGRESS
2D SESSION

H. R. 7005

[Report No. 1922]

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 1952

Mr. RICHARDS (by request) introduced the following bill; which was referred to the Committee on Foreign Affairs

MAY 12, 1952

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To amend the Mutual Security Act of 1951, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1952".

5 SEC. 2. The Congress welcomes the recent progress in
6 political federation, military integration, and economic uni-
7 fication in Europe and reaffirms its belief in the necessity of
8 further vigorous efforts toward these ends as a means of
9 building strength, establishing security and preserving peace
10 in the North Atlantic area. In order to provide further

1 encouragement to such efforts, the Congress believes it essen-
2 tial that the Mutual Security Act of 1951 (~~22 U. S. C.~~
3 ~~1651-1712~~), as amended, should be so administered as to
4 support concrete measures for political federation, military
5 integration, and economic unification in Europe. Appropria-
6 tions made pursuant to paragraphs 101 (a) (1) and 101
7 (a) (2) of that Act, as amended, may be used to furnish
8 assistance (including, in the case of amounts available pur-
9 suant to paragraph 101 (a) (2), transfers of funds) pur-
10 suant to the applicable terms and conditions of the Mutual
11 Defense Assistance Act of 1949, as amended, and the Eco-
12 nomic Cooperation Act of 1948, as amended (~~22 U. S. C.~~
13 ~~1501-1522~~), respectively, to any organization of nations
14 which are covered by title I of the Mutual Security Act of
15 1951 which is established for purposes of collective self-
16 defense in accordance with the provisions of the United
17 Nations Charter, or to any other organization, association,
18 or grouping of such nations which, in the opinion of the
19 President, makes a significant contribution toward political
20 federation, military intergration, or economic unification of
21 such nations.

22 SEC. 3 Title I of the Mutual Security Act of 1951 is
23 amended as follows:

24 (a) At the end of paragraph 101 (a) (1) add the
25 following new sentence: "There is hereby authorized to be

1 appropriated to the President for the fiscal year 1953 not to
 2 exceed \$4,145,000,000, for assistance pursuant to the pro-
 3 visions of the Mutual Defense Assistance Act of 1949, as
 4 amended (22 U. S. C. 1571-1604) to countries eligible for
 5 assistance under this paragraph; and in addition unexpended
 6 balances of any appropriations heretofore made pursuant to
 7 this paragraph are authorized to be continued available for
 8 their original purposes through June 30, 1953, and to be
 9 consolidated with the appropriation hereby authorized."

10 (b) At the end of paragraph 101 (a) (2) add the
 11 following new sentence: "There is hereby authorized to be
 12 appropriated to the President for the fiscal year 1953 not
 13 to exceed \$1,819,200,000, to carry out the purposes and
 14 provisions of this paragraph; and in addition unexpended
 15 balances of appropriations heretofore made pursuant to this
 16 paragraph are authorized to be continued available for their
 17 original purposes through June 30, 1953, and to be con-
 18 solidated with the appropriation hereby authorized."

19 (c) In subsection 101 (b) after the word "section"
 20 where it first appears insert the words "for the fiscal year
 21 1952, and not to exceed 5 per centum of those granted for
 22 the fiscal year 1953,".

23 (d) Add the following new subsection:

24 "101. (c) Unexpended balances of appropriations made
 25 available for assistance to Spain pursuant to this section by

1 the Act of October 31, 1951 (Public Law 249, Eighty-
2 second Congress); are authorized to be continued available
3 until June 30, 1953."

4 SEC. 4. Title II of the Mutual Security Act of 1951 is
5 amended as follows:

6 (a) At the end of section 201 add the following new
7 sentence: "There is hereby authorized to be appropriated to
8 the President for the fiscal year 1953 not to exceed \$606,-
9 370,000, to carry out the purposes and provisions of this
10 section; and in addition unexpended balances of any appro-
11 priations heretofore made pursuant to this section are author-
12 ized to be continued available for their original purposes
13 through June 30, 1953, and to be consolidated with the
14 appropriation hereby authorized."

15 (b) At the end of section 203 add the following new
16 sentence: "There is hereby authorized to be appropriated
17 to the President for the fiscal year 1953 not to exceed
18 \$196,000,000, to carry out the purposes and provisions of
19 this section; and in addition unexpended balances of any
20 appropriations heretofore made pursuant to this section are
21 authorized to be continued available for their original pur-
22 poses through June 30, 1953, and to be consolidated with
23 the appropriation hereby authorized."

24 (c) Change section 204 by substituting "\$115,000,000"

1 for "\$50,000,000", and by adding after "1952" the words
2 "and 1953".

3 (d) Change section 205 by substituting "\$126,000,000"
4 for "\$50,000,000" and by adding after "1952" the words
5 "and 1953".

6 SEC. 5. Title III of the Mutual Security Act of 1951 is
7 amended as follows:

8 (a) At the end of section 301 add the following new
9 sentence: "There is hereby authorized to be appropriated
10 to the President for the fiscal year 1953 not to exceed
11 \$611,230,000, to carry out the purposes and provisions of
12 this section; and in addition unexpended balances of any
13 appropriations heretofore made pursuant to this section are
14 hereby authorized to be continued available for their original
15 purposes through June 30, 1953, and to be consolidated with
16 the appropriation hereby authorized."

17 (b) At the end of subsection 302 (a) add the following
18 new sentence: "There is hereby authorized to be appro-
19 priated to the President for the fiscal year 1953 not to exceed
20 \$408,000,000, to carry out the purposes and provisions of
21 this subsection; and in addition unexpended balances of any
22 appropriations heretofore made pursuant to this subsection
23 are hereby authorized to be continued available for their
24 original purposes through June 30, 1953, and to be consoli-

1 dated with the appropriation hereby authorized. Appropria-
2 tions made pursuant to this subsection may be used without
3 being limited by section 503 of this Act."

4 (c) Add the following sentence to subsection 302 (b):
5 "Unexpended balances of allocations heretofore made to
6 the Secretary of State pursuant to that proviso shall be con-
7 tinued available until expended."

8 (d) In the first sentence of subsection 303 (a) after the
9 words "to be appropriated to the President" insert the words
10 "for the fiscal year 1953".

11 (e) In the second sentence of subsection 303 (a) sub-
12 stitute for the words "1952" the words "1953".

13 (f) Immediately before the last sentence of subsection
14 303 (a) add the following: "In addition, the United States
15 Department of the Army is hereby authorized to make avail-
16 able to the United Nations Korean Reconstruction Agency,
17 at the time when that Agency assumes full responsibility for
18 relief and rehabilitation in Korea, goods and services of a
19 value not to exceed \$67,500,000 which the Department of
20 the Army then has on hand or on order for civilian relief
21 in Korea and which the President determines should be con-
22 tributed by the United States to the United Nations Korean
23 Reconstruction Agency for use in its relief and rehabilita-
24 tion operations in Korea. The value of goods and services
25 made available pursuant to the preceding sentence shall be

1 credited toward the contribution to be made by the United
2 States to the United Nations Korean Reconstruction
3 Agency.”

4 ~~(g)~~ The last sentence of subsection 303 ~~(b)~~ is hereby
5 repealed.

6 SEC. 6. Title IV of the Mutual Security Act of 1951 is
7 amended by adding the following new section:

8 “SEC. 403. In addition to the amounts heretofore author-
9 ized and appropriated, there are hereby authorized to be ap-
10 propriated to the President for the fiscal year 1953 not to ex-
11 ceed \$62,400,000 to carry out the purposes and provisions
12 of section 401 and not to exceed \$22,000,000 to carry out
13 the purposes and provisions of section 402. In addition,
14 unexpended balances of the appropriation heretofore made
15 pursuant to each such section are authorized to be continued
16 available for their original purposes through June 30, 1953;
17 and to be consolidated with the applicable appropriation au-
18 thorized by this section.”

19 SEC. 7. Title V of the Mutual Security Act of 1951 is
20 amended as follows:

21 ~~(a)~~ Sections 514 and 522 are hereby repealed.

22 ~~(b)~~ Section 519 ~~(a)~~ is amended by striking the “~~(a)~~”
23 and by adding immediately after the phrase “may be ad-
24 vanced” the words “out of funds made available for assist-
25 ance under the Economic Cooperation Act”.

1 ~~(e)~~ Add the following new sections:

2 “SEC. 532. The provisions of section 119 of the Eco-
3 nomic Cooperation Act of 1948, as amended (~~22 U. S. C.~~
4 1517), shall apply to the performance of functions authorized
5 by this Act.

6 “SEC. 533. Notwithstanding section 2 of the Act of
7 July 31, 1894 (~~5 U. S. C. 62~~), any retired officer of any
8 of the services mentioned in title 37 of the United States
9 Code may hold any office or appointment under this Act,
10 and receive compensation in accordance with the provisions
11 of the Act of June 30, 1932 (~~5 U. S. C. 59a~~).

12 “SEC. 534. In order to encourage further the movement
13 of migrants from European countries having surplus popula-
14 tion, there is hereby authorized to be appropriated to the
15 President \$10,000,000 for use in making contributions for
16 the calendar year 1953 to the Provisional Intergovernmental
17 Committee for the Movement of Migrants from Europe
18 established at Brussels, Belgium, on December 5, 1951, or
19 to any successor organization.

20 “SEC. 535. The authority to pay ocean freight charges
21 on shipments of relief supplies and packages under subsection
22 117 ~~(e)~~ of the Economic Cooperation Act of 1948, as
23 amended (~~22 U. S. C. 1515 (e)~~), shall be continued and
24 may be exercised after June 30, 1952, by any department
25 or agency of the Government that the President may desig-

1 mate: *Provided*, That, not to exceed \$2,800,000 are author-
 2 ized to be appropriated to the President for the fiscal year
 3 1953 for use in paying ocean freight charges under subsec-
 4 tion 117 (c) of the Economic Cooperation Act of 1948, as
 5 amended."

6 SEC. 8. The Mutual Defense Assistance Act of 1949, as
 7 amended (22 U. S. C. 1571-1604), is further amended as
 8 follows:

9 (a) Change the period at the end of the proviso in
 10 the first sentence of section 403 (d) to a comma and inserting
 11 thereafter the words "and after June 30, 1952, by an addi-
 12 tional \$200,000,000."

13 (b) Change section 408 (c) to read as follows:

14 "(c) (1) the President may, from time to time, in the
 15 interest of achieving standardization of military equipment
 16 and in order to provide procurement assistance without cost
 17 to the United States, transfer, or enter into contracts for the
 18 procurement for transfer of, equipment, materials, or services
 19 to: (A) nations eligible for assistance under title I, II, III,
 20 or IV of the Mutual Security Act of 1951, or (B) a nation
 21 which has joined with the United States in a collective defense
 22 and regional arrangement, or (C) any international military
 23 organization or headquarters when, in the opinion of the
 24 President, such assistance will further the purposes of this

1 Act, or ~~(D)~~ any other nation not eligible to join a collective
2 defense and regional arrangement referred to in clause ~~(B)~~
3 above, but whose ability to defend itself or to participate in
4 the defense of the area of which it is a part, is important to
5 the security of the United States: *Provided*, That, prior to
6 the transfer of any equipment, materials, or services to a
7 nation under this clause ~~(D)~~, it shall provide the United
8 States with assurance that such equipment, materials, or
9 services are required for and will be used solely to maintain
10 its internal security, its legitimate self-defense, or to permit
11 it to participate in the defense of the area of which it is a
12 part, or in United Nations collective security arrangements
13 and measures, and that it will not undertake any act of
14 aggression against any other state: *Provided further*, That,
15 in the case of any such transfer, the President shall forthwith
16 notify the Committee on Foreign Relations of the Senate, the
17 Committees on Armed Services of the Senate and of the
18 House of Representatives, and the Committee on Foreign
19 Affairs of the House of Representatives.

20 “~~(2)~~ Whenever equipment or material is transferred
21 from the stocks of, or services are rendered by, any agency,
22 to any nation or international organization as provided in
23 paragraph ~~(1)~~ above, such nation or international organ-
24 ization shall first make available the fair value, as determined

1 by the President, of such equipment, materials, or services
2 before delivery or, when the President determines it to be
3 in the best interests of the United States, within sixty days
4 thereafter. The fair value for the purpose of this paragraph
5 shall not be less for the various categories of equipment
6 or materials than the value as defined in subsection (e)
7 of section 403: *Provided*, That with respect to excess equip-
8 ment or materials the fair value may not be determined
9 to be less than the value specified in paragraph 1 of that
10 subsection plus (a) 10 per centum of the original gross
11 cost of such equipment or materials; (b) the scrap value; or
12 (c) the market value, if ascertainable, whichever is the
13 greater. Before a contract is entered into, or rehabilitation
14 work is undertaken, such nation shall (A) provide the
15 United States with a dependable undertaking to pay the full
16 amount of such contract or the cost of such rehabilitation
17 which will assure the United States against any loss on the
18 contract, or rehabilitation work, and (B) shall make funds
19 available in such amounts and at such times as may be
20 necessary to meet the payments required by the contract
21 or the rehabilitation work in advance of the time such pay-
22 ments are due, in addition to the estimated amount of any
23 damages and costs that may accrue from the cancellation of
24 such contract or rehabilitation work: *Provided*, That the

1 total amount of outstanding contracts under this subsection;
2 less the amounts which have been paid the United States
3 by such nations, shall at no time exceed \$700,000,000."

4 SEC. 9. The Act for International Development is
5 amended as follows:

6 (a) Add the following proviso at the end of subsection
7 404 (b) as amended: "*Provided further*, That for the fiscal
8 year 1953 not to exceed \$17,000,000 is authorized to be
9 appropriated to the President for use in making contributions
10 under this subsection."

11 (b) Change subsection 413 (a) thereof to read as
12 follows:

13 "The President shall appoint, by and with the advice
14 and consent of the Senate, an Administrator for Technical
15 Cooperation, who, under the direction of the President or
16 such other officer as he may designate pursuant to section
17 412 hereof to exercise the powers conferred upon him by
18 this title, shall be responsible for planning, implementing,
19 and managing the programs authorized in this title.— He
20 shall be compensated at a rate fixed by the President without
21 regard to the Classification Act of 1949 but not in excess of
22 \$16,000 per annum. The President may also appoint, by
23 and with the advice and consent of the Senate, a Deputy
24 Administrator for Technical Cooperation who shall perform
25 such functions as the Administrator shall designate, and shall

1 be Acting Administrator for Technical Cooperation during
 2 the absence or disability of the Administrator or in the event
 3 of a vacancy in the office of the Administrator. The Deputy
 4 Administrator shall receive compensation at a rate fixed by
 5 the President without regard to the Classification Act of
 6 1949 but not in excess of \$15,000 per annum."

7 That this Act may be cited as the "Mutual Security Act of
 8 1952".

9 SEC. 2. Section 2 of the Mutual Security Act of 1951
 10 is amended by inserting "(a)" after the section number and
 11 by adding at the end thereof a new subsection as follows:

12 "(b) The Congress welcomes the recent progress in
 13 political federation, military integration, and economic uni-
 14 fication in Europe and reaffirms its belief in the necessity of
 15 further vigorous efforts toward these ends as a means of
 16 building strength, establishing security, and preserving peace
 17 in the North Atlantic area. In order to provide further
 18 encouragement to such efforts, the Congress believes it es-
 19 sential that this Act should be so administered as to support
 20 concrete measures for political federation, military integra-
 21 tion, and economic unification in Europe. Appropriations
 22 made pursuant to paragraphs 101 (a) (1), relating to mili-
 23 tary assistance, and 101 (a) (2), relating to defense support
 24 and economic assistance, of this Act may be used, pursuant
 25 to the applicable terms and conditions of the Mutual Defense

1 Assistance Act of 1949, as amended, and of the Economic
2 Cooperation Act of 1948, as amended (22 U. S. C. 1501-
3 1522), respectively, to furnish assistance (including, in the
4 case of amounts available pursuant to paragraph 101 (a)
5 (2), transfers of funds) to any of the following organiza-
6 tions: (A) The North Atlantic Treaty Organization, (B)
7 the European Coal and Steel Community, (C) the organiza-
8 tion which may evolve from current international discussions
9 concerning a European defense community."

10 SEC. 3. Title I of the Mutual Security Act of 1951 is
11 amended as follows:

12 (a) In paragraph 101 (a) (1), insert ", for Spain,"
13 after "parties to the North Atlantic Treaty".

14 (b) At the end of paragraph 101 (a) (1) add the
15 following new sentence: "There is hereby authorized to be
16 appropriated to the President for the fiscal year 1953 not to
17 exceed \$3,316,000,000, for assistance pursuant to the pro-
18 visions of the Mutual Defense Assistance Act of 1949, as
19 amended (22 U. S. C. 1571-1604) to countries eligible for
20 assistance under this paragraph; and in addition balances of
21 any appropriations heretofore made pursuant to this para-
22 graph unobligated as of June 30, 1952, or subsequently
23 released from obligation, are authorized to be continued avail-

1 able for obligation for their original purposes through June
2 30, 1953, and to be consolidated with the appropriation hereby
3 authorized."

4 (c) At the end of paragraph 101 (a) (2) add the
5 following new sentence: "There is hereby authorized to be
6 appropriated to the President for the fiscal year 1953 not to
7 exceed \$1,637,300,000, to carry out the purposes and pro-
8 visions of this paragraph; and in addition balances of appro-
9 priations heretofore made pursuant to this paragraph unob-
10 ligated as of June 30, 1952, or subsequently released from
11 obligation, are authorized to be continued available for obli-
12 gation for their original purposes through June 30, 1953,
13 and to be consolidated with the appropriation hereby
14 authorized."

15 (d) Add the following new subsection:

16 "(c) Not less than \$25,000,000 of the funds made
17 available under authority of subsections (a) and (b) of
18 this section shall be used for economic, technical, and military
19 assistance to Spain in accordance with the provisions of this
20 Act. Unexpended balances of appropriations made available
21 for assistance to Spain pursuant to this section by the Act
22 of October 31, 1951 (Public Law 249, Eighty-second Con-
23 gress), are authorized to be continued available until June
24 30, 1953."

1 *SEC. 4. Title II of the Mutual Security Act of 1951 is*
2 *amended as follows:*

3 *(a) At the end of section 201 add the following new*
4 *sentence: "There is hereby authorized to be appropriated to*
5 *the President for the fiscal year 1953 not to exceed \$606,-*
6 *370,000, to carry out the purposes and provisions of this*
7 *section; and in addition balances of any appropriations*
8 *heretofore made pursuant to this section unobligated as of*
9 *June 30, 1952, or subsequently released from obligation, are*
10 *authorized to be continued available for obligation for their*
11 *original purposes through June 30, 1953, and to be con-*
12 *solidated with the appropriation hereby authorized."*

13 *(b) At the end of section 203, which relates to economic*
14 *and technical assistance for the Near East and Africa, add*
15 *the following new sentence: "There is hereby authorized to*
16 *be appropriated to the President for the fiscal year 1953 not*
17 *to exceed \$55,000,000, to carry out the purposes and provi-*
18 *sions of this section; and in addition balances of any appro-*
19 *priations heretofore made pursuant to this section unobli-*
20 *gated as of June 30, 1952, or subsequently released from*
21 *obligation, are authorized to be continued available for obli-*
22 *gation for their original purposes through June 30, 1953,*
23 *and to be consolidated with the appropriation hereby author-*
24 *ized."*

1 (c) After section 205 add the following new section:

2 “SEC. 206. In addition to the amounts authorized by
3 section 203, there is hereby authorized to be appropriated not
4 to exceed \$65,000,000 for carrying out the purposes and
5 provisions of section 204 of this Act, relating to Palestine
6 refugees, during the fiscal year 1953; and not to exceed
7 \$76,000,000 for carrying out the purposes and provisions
8 of section 205 of this Act, relating to refugees in Israel,
9 during the fiscal year 1953: Provided, That amounts appro-
10 priated pursuant to this section which the President finds
11 cannot be effectively expended to carry out the purposes and
12 provisions of sections 204 and 205 may be transferred to
13 and merged with the appropriations authorized by section
14 203.”

15 SEC. 5. Title III of the Mutual Security Act of 1951 is
16 amended as follows:

17 (a) At the end of section 301 add the following new
18 sentence: “There is hereby authorized to be appropriated
19 to the President for the fiscal year 1953 not to exceed
20 \$611,230,000, to carry out the purposes and provisions of
21 this section; and in addition balances of any appropriations
22 heretofore made pursuant to this section unobligated as of
23 June 30, 1952, or subsequently released from obligation, are

1 hereby authorized to be continued available for obligation for
2 their original purposes through June 30, 1953, and to be
3 consolidated with the appropriation hereby authorized."

4 (b) At the end of subsection 302 (a) add the following
5 new sentence: "There is hereby authorized to be appro-
6 priated to the President for the fiscal year 1953 not to exceed
7 \$408,000,000, to carry out the purposes and provisions of
8 this subsection; and in addition balances of any appropria-
9 tions heretofore made pursuant to this subsection unobligated
10 as of June 30, 1952, or subsequently released from obliga-
11 tion, are hereby authorized to be continued available for
12 obligation for their original purposes through June 30, 1953,
13 and to be consolidated with the appropriation hereby
14 authorized."

15 (c) Add the following sentence to subsection 302 (b):
16 "Unexpended balances of allocations heretofore made to
17 the Secretary of State pursuant to that proviso shall be con-
18 tinued available until expended."

19 (d) In the first sentence of subsection 303 (a) after the
20 words "to be appropriated to the President" insert the words
21 "for the fiscal year 1953".

22 (e) In the second sentence of subsection 303 (a) sub-
23 stitute for the words "1952" the words "1953".

24 (f) Immediately before the last sentence of subsection
25 303 (a) add the following: "In addition, the United States

1 Department of the Army is hereby authorized to make avail-
 2 able to the United Nations Korean Reconstruction Agency,
 3 at the time when that Agency assumes full responsibility for
 4 relief and rehabilitation in Korea, goods and services of a
 5 value not to exceed \$67,500,000 which the Department of
 6 the Army then has on hand or on order for civilian relief
 7 in Korea and which the President determines should be con-
 8 tributed by the United States to the United Nations Korean
 9 Reconstruction Agency for use in its relief and rehabilita-
 10 tion operations in Korea. The value of goods and services
 11 made available pursuant to the preceding sentence shall be
 12 credited toward the contribution to be made by the United
 13 States to the United Nations Korean Reconstruction
 14 Agency.”

15 (g) The last sentence of subsection 303 (b) is hereby
 16 repealed.

17 SEC. 6. Title IV of the Mutual Security Act of 1951 is
 18 amended (1) by adding at the end of the center heading
 19 “AND NON-SELF-GOVERNING TERRITORIES
 20 OF THE WESTERN HEMISPHERE”, (2) by insert-
 21 ing after “Republics” in section 402 the words “and non-
 22 self-governing territories of the Western Hemisphere”, and
 23 (3) by adding at the end of such title the following new
 24 section:

25 “SEC. 403. In addition to the amounts heretofore author-

1 ized and appropriated, there are hereby authorized to be ap-
 2 propriated to the President for the fiscal year 1953 not to
 3 exceed \$62,400,000 to carry out the purposes and provisions
 4 of section 401 and not to exceed \$22,000,000 to carry out
 5 the purposes and provisions of section 402. In addition,
 6 balances of the appropriation heretofore made pursuant to
 7 each such section unobligated as of June 30, 1952, or subse-
 8 quently released from obligation, are authorized to be con-
 9 tinued available for obligation for their original purposes
 10 through June 30, 1953, and to be consolidated with the
 11 applicable appropriation authorized by this section."

12 SEC. 7. Title V of the Mutual Security Act of 1951 is
 13 amended as follows:

14 (a) Section 522 is hereby repealed.

15 (b) In paragraph (3) of subsection (a) of section 501,
 16 insert before the period at the end thereof the following:
 17 "and the supervision, coordination, and evaluation of all
 18 reports prepared by agencies of the United States Govern-
 19 ment in the course of their operations under this Act, in order
 20 to prevent duplication of effort and to insure a reduction of
 21 reporting requirements to the minimum essential for effective
 22 operation".

23 (c) In subsection (c) of section 504, (1) strike out
 24 "transferred to or employed by the Mutual Security Agency"
 25 and insert in lieu thereof "employed in the United States

1 on programs authorized by this Act” and (2) amend the
2 second sentence of such subsection to read as follows: “Such
3 positions shall be in addition to those authorized by law to
4 be filled by Presidential appointment, and in addition to the
5 number authorized by section 505 of the Classification Act
6 of 1949, as amended.”

7 (d) Before the period at the end of subsection (d) of
8 section 504, add the following: “: Provided further, That,
9 ninety days after the enactment of the Mutual Security Act
10 of 1952, the number of civilian employees who are United
11 States citizens, receiving compensation or allowances from the
12 administrative expense appropriations authorized by this Act,
13 employed in the United States and overseas by or assigned to
14 the Mutual Security Agency, or employed by or assigned to
15 the Department of State or the Department of Defense for
16 carrying out programs the appropriations for which are
17 authorized by this Act, and the military personnel assigned to
18 such programs, shall be in the aggregate at least 10 per centum
19 less than the number so employed or assigned on January 1,
20 1952, except for such personnel of the Department of De-
21 fense engaged in the manufacturing, repair, rehabilitation,
22 packing, handling, crating, or delivery of matériel: Provided
23 further, That after the Director has determined the reduc-
24 tion to be effected in each agency, the determination as to

1 *which individual employees shall be retained shall be made by*
 2 *the head of the agency concerned”.*

3 *(e) Amend subsection (c) of section 506 to read as*
 4 *follows:*

5 *“(c) Notwithstanding any other provision of law, begin-*
 6 *ning with July 1, 1952, the Secretary of Defense may fur-*
 7 *nish military assistance out of the materials of war whose*
 8 *production in the United States shall have been authorized*
 9 *for, and appropriated to, the Department of Defense: Pro-*
 10 *vided, however, That nothing in this Act shall authorize the*
 11 *furnishing of military items under this subsection in excess of*
 12 *\$1,000,000,000 in value. For the purposes of this subsec-*
 13 *tion (1) ‘value’ shall be determined in accordance with*
 14 *section 403 (c) of the Mutual Defense Assistance Act of*
 15 *1949, as amended, and (2) the term ‘materials of war’*
 16 *means those goods, commonly known as military end items,*
 17 *which are required for the performance of their missions by*
 18 *armed forces of a nation, including weapons, military vehi-*
 19 *cles, ships of war under fifteen hundred tons, aircraft, mili-*
 20 *tary communications equipment, ammunition, maintenance*
 21 *parts and spares, and military hardware.”*

22 *(f) Add at the end of section 506 the following new*
 23 *subsection:*

24 *“(d) Of the funds made available for military assistance*
 25 *under the amendments made by sections 3 (b), 4 (a), 5 (a),*

1 and 6 of the Mutual Security Act of 1952, not less than
2 \$1,000,000,000 shall be expended for procurement of mili-
3 tary end items from sources outside the United States.”

4 (g) Section 511 is amended by adding the following new
5 subsection:

6 “(c) In addition to the provisions of subsections (a) and
7 (b) of this section, the Director, for the purpose of utilizing
8 most effectively the resources of the United States made avail-
9 able by this Act to stimulate and accelerate positive accom-
10 plishments toward mutual security, shall take whatever steps
11 he may find suitable or appropriate to assure effective use
12 by recipient countries of their resources, including fiscal and
13 budgetary, for mutual security. In granting assistance under
14 this Act, the Director shall take into account the progress
15 made by such countries in the use of such resources for
16 mutual security.”

17 (h) In section 513, amend the heading to read “SPECIAL
18 USE OF FUNDS”, insert “(a)” after “SEC. 513.”, and add
19 at the end of such section the following new subsection:

20 “(b) Not more than \$100,000,000 of the funds made
21 available under the Mutual Security Act of 1952, of which
22 not more than \$20,000,000 may be allocated to any one
23 country, may be supplied without regard to any conditions
24 as to eligibility contained in this Act, or any other Act for
25 which funds are authorized by this Act, when the President

1 determines that supplying such funds is in the interest of
 2 the security of the United States. The President shall notify
 3 the Committee on Foreign Relations of the Senate and the
 4 Committee on Foreign Affairs of the House of Represent-
 5 atives upon making any such determination."

6 (i) Amend section 514 to read as follows:

7 "STRATEGIC MATERIALS

8 "SEC. 514. In order to reduce the drain on United
 9 States resources and to assure the production of adequate
 10 supplies of essential raw materials for the collective defense
 11 of the free world, the Director for Mutual Security is author-
 12 ized to initiate projects for, and assist in procuring and
 13 stimulating increased production of, materials in which
 14 deficiencies or potential deficiencies in supply exist among
 15 nations receiving United States assistance."

16 (j) Amend section 516 by inserting "(a)" after "SEC.
 17 516." and by adding at the end of such section the follow-
 18 ing new subsection:

19 "(b) To accomplish the purpose of clause (1) of
 20 subsection (a) of this section, under the coordination of
 21 the Director for Mutual Security—

22 "(1) The Mutual Security Agency, cooperating
 23 with private business groups and governmental agencies
 24 to the fullest extent possible, shall encourage a greater
 25 participation by private capital in the guaranty pro-

1 *gram and shall develop broad criteria to facilitate such*
2 *participation, including programs consistent with the*
3 *purposes of the Act for International Development.*
4 *The Agency shall also, in cooperation with such groups*
5 *and agencies (including the International Bank for*
6 *Reconstruction and Development), conduct a thorough*
7 *study of the legal and other impediments, foreign and*
8 *local, to private investment abroad, and the methods*
9 *and means whereby those impediments can be re-*
10 *moved or decreased and shall make recommendations*
11 *thereon to the Director for Mutual Security.*

12 “(2) *The Department of State, in cooperation*
13 *with other agencies of the Government concerned with*
14 *private investment abroad, and taking into account the*
15 *study and recommendations described in paragraph (1)*
16 *of this subsection, shall accelerate a program of ne-*
17 *gotiating commercial and tax treaties, or other arrange-*
18 *ments where more suitable or expeditious, which shall*
19 *include provisions to encourage and facilitate the flow*
20 *of private investment to countries participating in pro-*
21 *grams under this Act.*

22 “(3) *The Technical Cooperation Administration,*
23 *taking into account the study and recommendations de-*
24 *scribed in paragraph (1) of this subsection, shall en-*
25 *courage and facilitate a greater participation by private*

1 industrial groups or agencies in private contracts
 2 awarded by the Administration, and shall, in coopera-
 3 tion with the Department of Commerce and the Mutual
 4 Security Agency, find and draw the attention of private
 5 enterprise to opportunities for investment and develop-
 6 ment in underdeveloped areas.

7 “(c) The reports required by section 518 of this
 8 Act shall include detailed information on the implementa-
 9 tion of this section.”

10 (k) Section 519 (a) is amended by adding immedi-
 11 ately after the phrase “may be advanced” the words “out
 12 of funds made available for assistance under the Economic
 13 Cooperation Act”.

14 (l) Add the following new sections:

15 “EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

16 “SEC. 532. The provisions of section 119 of the Eco-
 17 nomic Cooperation Act of 1948, as amended (22 U. S. C.
 18 1517), shall apply to the performance of functions authorized
 19 by this Act.

20 “EMPLOYMENT OF RETIRED OFFICERS OF

21 ARMED FORCES

22 “SEC. 533. Notwithstanding section 2 of the Act of
 23 July 31, 1894, (5 U. S. C. 62), any retired officer of any
 24 of the services mentioned in the Career Compensation Act
 25 of 1949 may hold any office or appointment under this Act,

1 and receive compensation in accordance with the provisions
2 of the Act of June 30, 1932 (5 U. S. C. 59a).

3 "MOVEMENT OF MIGRANTS

4 "SEC. 534. In order to encourage further the movement
5 of migrants from European countries having surplus popu-
6 lation, there is hereby authorized to be appropriated to the
7 President \$10,000,000 for use in making contributions for
8 the calendar year 1953 to the Provisional Intergovernmental
9 Committee for the Movement of Migrants from Europe
10 established at Brussels, Belgium, on December 5, 1951:
11 Provided, That no part of the funds authorized to be ap-
12 propriated under this section may be used to pay the salary
13 (or expenses) of the Director General of the said Commit-
14 tee, if such Director General was at any time employed by
15 the United Nations Relief and Rehabilitation Agency or the
16 International Refugee Organization.

17 "INTERNATIONAL FINANCE CORPORATION

18 "SEC. 535. In order to increase the participation of
19 private enterprise and investment in developing the resources
20 of the areas in which assistance is authorized by this Act and
21 to mobilize local capital for such development and invest-
22 ment, such amount as may be required, but not to exceed
23 \$100,000,000 of the funds made available for assistance to
24 further military production, economic and technical assist-
25 ance under the provisions of this Act may be utilized for

1 *the purpose of subscribing to the capital of the International*
 2 *Finance Corporation, an affiliate of the International Bank*
 3 *for Reconstruction and Development.*

4 "OCEAN FREIGHT CHARGES ON RELIEF PACKAGES

5 "SEC. 536. *The authority to pay ocean freight*
 6 *charges on shipments of relief supplies and packages under*
 7 *subsection 117 (c) of the Economic Cooperation Act of*
 8 *1948, as amended (22 U. S. C. 1515 (c)), shall be con-*
 9 *tinued and may be exercised after June 30, 1952, by any*
 10 *department or agency of the Government that the President*
 11 *may designate: Provided, That, not to exceed \$2,800,000*
 12 *are authorized to be appropriated to the President for the*
 13 *fiscal year 1953 for use in paying ocean freight charges under*
 14 *subsection 117 (c) of the Economic Cooperation Act of*
 15 *1948, as amended.*

16 "INVESTMENT AND INFORMATIONAL MEDIA GUARANTIES

17 "SEC. 537. *The authority to make investment and infor-*
 18 *mational media guaranties under section 111 (b) (3) of the*
 19 *Economic Cooperation Act of 1948, as amended, shall be*
 20 *fully continued and may be exercised after June 30, 1952,*
 21 *notwithstanding any provision of this Act, by any department*
 22 *or agency of the Government that the President may*
 23 *designate."*

24 SEC. 8. *The Mutual Defense Assistance Act of 1949, as*

1 amended (22 U. S. C. 1571-1604), is further amended as
2 follows:

3 (a) Change the period at the end of the proviso in
4 the first sentence of section 403 (d) to a comma and insert
5 thereafter the words "and after June 30, 1952, by an addi-
6 tional \$200,000,000."

7 (b) Change section 408 (e) to read as follows:

8 "(e) (1) The President may, from time to time, in the
9 interest of achieving standardization of military equipment
10 and in order to provide procurement assistance without cost
11 to the United States, transfer, or enter into contracts for the
12 procurement for transfer of, equipment, materials, or services
13 to: (A) nations eligible for assistance under title I, II, III,
14 or IV of the Mutual Security Act of 1951, or (B) a nation
15 which has joined with the United States in a collective defense
16 and regional arrangement, or (C) any international military
17 organization or headquarters when, in the opinion of the
18 President, such assistance will further the purposes of this
19 Act, or (D) any other nation not eligible to join a collective
20 defense and regional arrangement referred to in clause (B)
21 above, but whose ability to defend itself or to participate in
22 the defense of the area of which it is a part, is important to
23 the security of the United States: Provided, That, prior to
24 the transfer of any equipment, materials, or services to a

1 nation under this clause (D), it shall provide the United
2 States with assurance that such equipment, materials, or
3 services are required for and will be used solely to maintain
4 its internal security, its legitimate self-defense, or to permit
5 it to participate in the defense of the area of which it is a
6 part, or in United Nations collective security arrangements
7 and measures, and that it will not undertake any act of
8 aggression against any other state: Provided further, That,
9 in the case of any such transfer, the President shall forthwith
10 notify the Committee on Foreign Relations of the Senate, the
11 Committees on Armed Services of the Senate and of the
12 House of Representatives, and the Committee on Foreign
13 Affairs of the House of Representatives.

14 “(2) Whenever equipment or material is transferred
15 from the stocks of, or services are rendered by, any agency,
16 to any nation or international organization as provided in
17 paragraph (1) above, such nation or international organ-
18 ization shall first make available the fair value, as determined
19 by the President, of such equipment, materials, or services
20 before delivery or, when the President determines it to be
21 in the best interests of the United States, within sixty days
22 thereafter. The fair value for the purpose of this paragraph
23 shall not be less for the various categories of equipment
24 or materials than the value as defined in subsection (c)
25 of section 403: Provided, That with respect to excess equip-

1 ment or materials the fair value may not be determined
 2 to be less than the value specified in paragraph (1) of that
 3 subsection plus (a) 10 per centum of the original gross
 4 cost of such equipment or materials; (b) the scrap value; or
 5 (c) the market value, if ascertainable, whichever is the
 6 greater. Before a contract is entered into, or rehabilitation
 7 work is undertaken, such nation shall (A) provide the
 8 United States with a dependable undertaking to pay the full
 9 amount of such contract or the cost of such rehabilitation
 10 which will assure the United States against any loss on the
 11 contract, or rehabilitation work, and (B) shall make funds
 12 available in such amounts and at such times as may be
 13 necessary to meet the payments required by the contract
 14 or the rehabilitation work in advance of the time such pay-
 15 ments are due, in addition to the estimated amount of any
 16 damages and costs that may accrue from the cancellation of
 17 such contract or rehabilitation work: Provided, That the
 18 total amount of outstanding contracts under this subsection,
 19 less the amounts which have been paid the United States
 20 by such nations, shall at no time exceed \$700,000,000."

21 SEC. 9. (a) The second proviso in section 115 (b) (6)
 22 of the Economic Cooperation Act of 1948, as amended, is
 23 amended (1) by inserting "from" after "That" and (2) by
 24 striking out after "(Public Law 389, Eightieth Congress)"
 25 the words "shall be used" and inserting in lieu thereof the

1 following: "there shall be allocated to the use of the United
2 States Government whatever sums are necessary to meet
3 United States expenditures for materials required by the
4 United States as a result of deficiencies or potential deficiencies
5 in its own resources: Provided further, That any deposit
6 balance remaining in such account shall be used".

7 (b) Section 115 (b) (6) of the Economic Cooperation
8 Act of 1948, as amended, is further amended by adding at
9 the end thereof the following: "The Administrator shall
10 exercise the power granted to him by this paragraph to make
11 agreements with respect to the use of funds deposited in the
12 special accounts of 'participating countries' (as defined in
13 section 103 (a) hereof) and any other countries receiving
14 assistance under the Mutual Security Act of 1951, as
15 amended, in such a manner that the equivalent of not less
16 than \$100,000,000 in such funds shall be used exclusively
17 in programs furthering the objectives of section 516 of the
18 Mutual Security Act of 1951. The amount to be devoted
19 from each such special account for such use shall be agreed
20 upon by the Administrator and the country or countries con-
21 cerned: Provided further, That whenever funds from such
22 special account are used by a country to make loans all funds
23 received in repayment of such loans shall be redeposited in
24 such special account."

1 *SEC. 10. The Act for International Development is*
2 *amended as follows:*

3 *(a) Add the following proviso before the period at the*
4 *end of subsection 404 (b) as amended: “: Provided further,*
5 *That for the fiscal year 1953 not to exceed \$17,000,000 is*
6 *authorized to be appropriated to the President for use in*
7 *making contributions under this subsection”.*

8 *(b) Change subsection 413 (a) to read as follows:*

9 *“(a) The President shall appoint, by and with the*
10 *advice and consent of the Senate, an Administrator for*
11 *Technical Cooperation, who, under the direction of the*
12 *President or such other officer as he may designate pur-*
13 *suant to section 412 hereof to exercise the powers con-*
14 *ferred upon him by this title, shall be responsible for*
15 *planning, implementing, and managing the programs*
16 *authorized in this title. He shall be compensated at a*
17 *rate fixed by the President without regard to the Classi-*
18 *fication Act of 1949 but not in excess of \$16,000 per*
19 *annum. The President may also appoint, by and with*
20 *the advice and consent of the Senate, a Deputy Admin-*
21 *istrator for Technical Cooperation who shall perform*
22 *such functions as the Administrator shall designate, and*
23 *shall be Acting Administrator for Technical Cooperation*
24 *during the absence or disability of the Administrator*

1 or in the event of a vacancy in the office of the Admin-
2 istrator. The Deputy Administrator shall receive com-
3 pensation at a rate fixed by the President without regard
4 to the Classification Act of 1949 but not in excess of
5 \$15,000 per annum."

6 SEC. 11. There is hereby authorized to be appropriated
7 to the President not to exceed \$12,000,000 to enable him to
8 make contributions to the United Nations International Chil-
9 dren's Emergency Fund, this authority to become imme-
10 diately available and to extend through December 31, 1953:
11 Provided, That the contributions shall be made in such a
12 manner as to give assurance that they will not exceed $33\frac{1}{3}$
13 per centum of contributions from all governments, including
14 contributions made by governments for the benefit of persons
15 located within territories under their control: Provided fur-
16 ther, That none of the funds authorized shall be used in
17 duplication of the activities of other agencies of the United
18 Nations.

82ND CONGRESS
2ND Session

H. R. 7005

[Report No. 1922]

A BILL

To amend the Mutual Security Act of 1951,
and for other purposes.

By Mr. RICHARDS

MARCH 11, 1952

Referred to the Committee on Foreign Affairs

MAY 12, 1952

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued May 14, 1952

For actions of May 13, 1952

32nd-2nd, No. 81

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Sen. Kem criticized Secy. Brannan and said he should resign. Senate debated immigration bill. Senate concurred in House amendment to Smokey Bear bill. Ready for President. House debated Puerto Rican constitution. Senate committee voted to report foreign aid bill.

SENATE

1. IMMIGRATION. Continued debate on S. 2550, to revise the laws relating to immigration, naturalization, and nationality (pp. 5171-98).
2. GRAIN STORAGE. Sen. Kem discussed grain-storage irregularities, claimed Secretary Brannan "has sought to conceal...unsavory conditions existing in his Department," and said the Secretary should resign (p. 5171).
3. FORESTRY. Concurred in the House amendment to S. 2322, prohibiting the unauthorized use of the character "Smokey Bear" (which is used to foster forest-fire prevention)(p. 5199). The amendment provides that, before regulations are issued under the bill, the Department must consult the Association of State Foresters and the Advertising Council. This bill will now be sent to the President.
4. FARM PRICES AND SUPPLIES. A handbook, prepared by the Department to answer questions regarding parity prices, was ordered printed as S. Doc. 129. A report by Dr. Wilcox, of the Library of Congress, on reserve levels for storable farm products, was ordered printed as S. Doc. 130. (p. 5167.)
5. FOREIGN AID. The Armed Services Committee voted to report on May 15 S. 3086, to extend the Mutual Security Program for the fiscal year 1953 (p. D446).
6. DEFENSE PRODUCTION. The Banking and Currency Committee adopted numerous amendments to S. 2594, to extend the Defense Production Act, and is expected to vote on a final draft of the bill May 21. One of the amendments agreed to, by Sen. Capehart, would end the Act on Mar. 1, 1953, except for allocations and rent controls, which would end June 30, 1953. (p. D446.)

7. SUGAR. The Foreign Relations Committee ordered reported the protocol prolonging for 1 year the international agreement regarding regulation of the production and marketing of sugar, signed at London in 1937 (p. D446).
8. DAIRY INDUSTRY. Sen. Wiley inserted a Dairyland Cooperative Association statement favoring import-control continuation, a foot-and-mouth disease laboratory, the St. Lawrence waterway, and continuation of the prohibition against use of oleomargarine by the Navy (p. 5166).

HOUSE

9. TERRITORIES AND POSSESSIONS. Debated approval of Puerto Rican Constitution and deferred until Thursday the vote on the rule making in order the consideration of H. J. Res. 430, approving the Constitution (pp. 5202-13).
Interior and Insular Affairs Committee ordered reported (but did not actually report) H. J. Res. 421, amended, to continue authority for the Trust Territory of the Pacific Islands (p. D448).
10. WATER UTILIZATION. Passed without amendment S. 2521 the reenactment of section 6 of the Flood Control Act, 1944, authorizing the sale of surplus waters under the control of the Secretary of the Army for domestic and industrial uses. This section had been inadvertently repealed by Public Law 247, 82nd Cong. The bill was reported earlier in the day (H. Rept. 1928) (p. 5201.) This bill will now be sent to the President.
11. SURPLUS PROPERTY. Rep. Holifield discussed the problem of government surplus property disposal and the need for a better system than has previously existed (pp. 5217-21).

BILLS INTRODUCED

12. CONSTRUCTION CONTRACTS. H. R. 7834, by Rep. Bender, to prescribe policy and procedure in connection with construction contracts made by executive agencies; to Judiciary Committee (p. 5222).
13. BUDGETING; FARM CREDIT. H. R. 7837, by Rep. Cooley, to amend the Farm Credit Act of 1937 to provide that certain corporations under the supervision of the Farm Credit Administration shall cease to be subject to the budget provisions of the Government Corporation Control Act; to Agriculture Committee (p. 5222).
14. CONSTRUCTION CONTRACTS. H. R. 7841, by Rep. Havenner, and H. R. 7843, by Rep. Jonas, to prescribe policy and procedure in connection with construction contracts made by executive agencies; to Judiciary Committee (p. 5222).
15. PERSONNEL. H. R. 7844, by Rep. Miller, Calif., to authorize, under regulations of the Civil Service Commission, the withholding, upon request, from compensation of Federal employees amounts for the payment of certain life and hospitalization insurance; to Post Office and Civil Service Committee (p. 5222).
H. R. 7845, by Rep. Murray, to provide for right of appeal to the Civil Service Commission in the case of persons separated from the classified civil service for any cause other than reduction in force; to Post Office and Civil Service Committee (p. 5222).

ITEMS IN APPENDIX

16. GOVERNMENT VEHICLES. Rep. Holifield inserted his statement on motor pools and systems explaining the purpose and advantages of H. R. 4924, which authorize

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued May 16, 1952

For actions of May 15, 1952

32nd-2nd, No. 83

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House committee reported deficiency appropriation bill. House passed lease-purchase agreements bill and legislative appropriation bill. Senate debated immigration bill. Senate committees reported foreign-aid bill and bill to reduce coconut-oil tariff for Pacific Territory. House Rules Committee cleared foreign-aid bill. Rep. Poage introduced bill to aid States in soil conservation.

HOUSE

1. **URGENT DEFICIENCY APPROPRIATION BILL, 1952.** The Appropriations Committee reported this bill, H. R. 7860 (H. Rept. 1929)(p. 5332). The bill includes two items for this Department, which are explained in the following excerpts from the committee report:

Foot-and-mouth Disease Laboratory, BAI: "An appropriation of \$10,000,000 is included in the bill to enable the Department of Agriculture to proceed with the construction of a laboratory for research on the foot-and-mouth disease, as authorized by Public Law 496, 80th Congress. These funds are made available on the condition that the laboratory be located on an island which will be entirely under the control of the Federal Government and is separated from the mainland of the United States by navigable waters, as provided by the crabling legislation...

"The committee desires to point out that the departmental officials cannot be too strongly admonished to take every possible precaution to prevent the spread of the disease from the laboratory..."

(The Budget estimate, which was received earlier in the day -- H. Doc. 468 -- was for \$15,000,000. p. 5377.)

Flood Rehabilitation, SCS and PMA: "The language provisions recommended extend for six months availability of funds provided for clearing lands and stream channels in the area affected by the Missouri-Kansas floods last year. Due to adverse weather conditions, the work has not progressed as rapidly as expected, and a number of projects now underway cannot be completed until the end of the

calendar year."

2. **BUILDINGS.** Passed, 210-114, with amendment H. R. 4323, to authorize GSA to enter into lease-purchase agreements to provide for the lease to the U. S. of real property and structures for terms of between 5 and 25 years and for acquisition of title to such properties and structures by the U. S. at or before the expiration of the lease terms. Prior to its passage the bill was recommitted, 259-75, and reported back with an amendment providing for the submission of all lease-purchase agreements involving more than \$50,000 to the Expenditures in the Executive Departments Committee and the Senate Government Operations Committee. (pp. 5342-4.)
 3. **LEGISLATIVE APPROPRIATION BILL, 1953.** Passed with amendments this bill, H. R. 7313 (pp. 5344-70).
 4. **FOREIGN AID.** The Rules Committee reported a resolution for consideration of H. R. 7005, to extend the Mutual Security Act (pp. 5338-9).
 5. **FLOOD CONTROL.** The Public Works Committee reported without amendment H. R. 7817 to provide for emergency flood-control work made necessary by recent floods (H. Rept. 1930) (p. 5377).
 6. **RECLAMATION.** Received from the Interior Department a proposed bill "relating to appropriations for construction by the Secretary of the Interior of the Eklutna project, Alaska"; to Interior and Insular Affairs Committee (p. 5377).
 7. **PRICE CONTROL; EXPENDITURES; PERSONNEL.** Rep. Javits spoke in favor of price control; reduction of expenditures for soil-conservation payments, price support, etc.; and liberalization of Federal personnel laws (pp. 5371-5).
- SENATE
8. **IMMIGRATION.** Continued debate on S. 2550, to revise the immigration and naturalization laws (pp. 5293-305, 5314-26).
 9. **FOREIGN AID.** The Armed Services Committee reported without amendment S. 3086, amending the Mutual Security Act of 1951 (S. Rept. 1575) (p. 5278).
Sen. Flanders spoke against the proposed amendment to cut \$400 million from the mutual security bill (p. 5294).
 10. **FOREIGN TRADE.** The Finance Committee reported without amendment H. R. 7188, exempting coconut oil produced in Pacific Territory from an additional tariff (S. Rept. 1578) (p. 5278).
 11. **RUBBER.** The Armed Service Committee reported with amendments H. R. 6787, extending the Rubber Act of 1948 (Public Law 469, 80th Cong.) (S. Rept. 1581) (p. 5278).
 12. **NOMINATION.** Confirmed Rosel H. Hyde for reappointment to the Federal Communications Commission (pp. 5328-9).
The Banking and Currency Committee ordered favorably reported the nomination of Henry H. Fowler to be Administrator of the Defense Production Administration (p. 5458).
 13. **VEGETABLES.** Sen. Wiley inserted a letter from the Wisconsin Cannery Association urging OPS to suspend all price controls on canned vegetables because their supply condition no longer warrants it. (p. 5291).

THE MUTUAL SECURITY ACT OF 1952

MAY 15 (legislative day MAY 12), 1952.—Ordered to be printed

Mr. JOHNSON of Texas, from the Committee on Armed Services,
submitted the following

REPORT

[To accompany S. 3086]

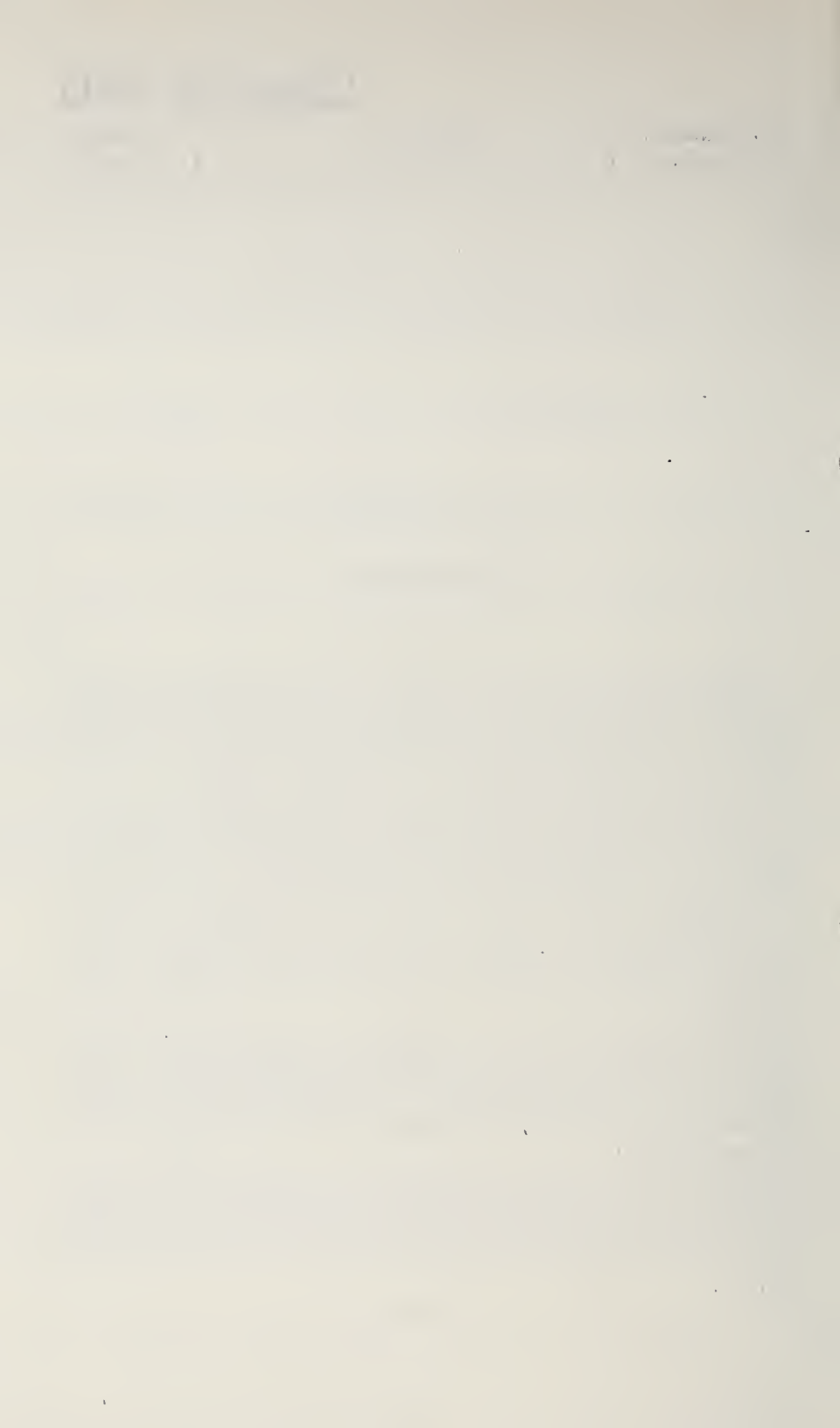
The Committee on Armed Services, to whom was referred the bill (S. 3086) to amend the Mutual Security Act of 1951, and for other purposes, which was reported favorably to the Senate on April 30, 1952, by the Committee on Foreign Relations, having considered the bill pursuant to the instructions of the Senate to report on or before May 15, 1952, report favorably thereon without amendment.

The Committee on Armed Services received testimony in executive session from the Secretary of Defense, the Secretary of State, the Director for Mutual Security, the Secretary of the Air Force, the Joint Chiefs of Staff, and the Deputy Chief of Naval Operations (Air).

Throughout these hearings emphasis was concentrated upon the military aspects of the program contemplated in S. 3086 and especially the degree to which the military aspects of the program mesh with the scope and progress of programs looking toward the build-up of our own forces.

While recognizing that the requirements imposed by S. 3086 for military assistance will have a genuinely serious impact on our national economy and on the making available of funds for our own military services, the committee is of the opinion that meeting these requirements will materially strengthen rather than weaken our own national security.

In effect, therefore, our international program for security is so integrated with our national program for security that the amounts recommended for the military purposes of the bill for fiscal year 1953 will provide as much defense for the United States as if these amounts were to be authorized for appropriation directly to our own military services.



S. 3086

[Report No. 1490]

[Report No. 1575]

IN THE SENATE OF THE UNITED STATES

APRIL 30, 1952

Mr. CONNALLY, from the Committee on Foreign Relations, under authority of the order of the Senate of April 28, 1952, reported the following bill; which was read twice and ordered to be placed on the calendar

MAY 5 (legislative day, MAY 1), 1952

Referred to the Committee on Armed Services with instructions to report to the Senate on or before May 15, 1952

MAY 15 (legislative day, MAY 12), 1952

Reported by Mr. JOHNSON of Texas, without amendment

A BILL

To amend the Mutual Security Act of 1951, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act
4 of 1952".

5 SEC. 2. Section 2 of the Mutual Security Act of 1951
6 is amended by inserting "(a)" after the section number and
7 by adding at the end thereof a new subsection as follows:

8 "(b) The Congress welcomes the recent progress in
9 political federation, military integration, and economic uni-
10 fication in Europe and reaffirms its belief in the necessity of
11 further vigorous efforts toward these ends as a means of

1 building strength, establishing security, and preserving peace
2 in the North Atlantic area. In order to provide further
3 encouragement to such efforts, the Congress believes it es-
4 sential that this Act should be so administered as to
5 support concrete measures for political federation, mili-
6 tary integration, and economic unification in Europe. Appro-
7 priations made pursuant to paragraphs 101 (a) (1), relating
8 to military assistance, and 101 (a) (2), relating to defense
9 support and economic assistance, of this Act may be used,
10 pursuant to the applicable terms and conditions of the Mutual
11 Defense Assistance Act of 1949, as amended, and the Eco-
12 nomic Cooperation Act of 1948, as amended (22 U. S. C.
13 1501-1522), respectively, to furnish assistance (including,
14 in the case of amounts available pursuant to paragraph 101
15 (a) (2), transfers of funds) to any of the following organ-
16 izations: (a) The North Atlantic Treaty Organization, (b)
17 the European Coal and Steel Community, (c) the organ-
18 ization which may evolve from current international discus-
19 sions concerning a European defense community."

20 SEC. 3. Title I (relating to Europe) of the Mutual Se-
21 curity Act of 1951 is amended as follows:

22 (a) At the end of section 101 (a) (1), which relates
23 to military assistance for Europe, add the following new
24 sentence: "There is hereby authorized to be appro-

1 priated to the President for the fiscal year 1953 not
2 to exceed \$3,620,317,000, for assistance pursuant to the
3 provisions of the Mutual Defense Assistance Act of 1949,
4 as amended (22 U. S. C. 1571-1604) to countries eligible
5 for assistance under this paragraph; and in addition unex-
6 pended balances of any appropriations heretofore made pur-
7 suant to this paragraph are authorized to be continued
8 available for their original purposes through June 30, 1953,
9 and to be consolidated with the appropriation hereby
10 authorized.”

11 (b) At the end of section 101 (a) (2), which relates
12 to defense support and economic assistance for Europe, add
13 the following new sentence: “There is hereby authorized to
14 be appropriated to the President for the fiscal year 1953 not
15 to exceed \$1,588,922,000, to carry out the purposes and
16 provisions of this paragraph; and in addition unexpended
17 balances of appropriations heretofore made pursuant to this
18 paragraph are authorized to be continued available for their
19 original purposes through June 30, 1953, and to be con-
20 solidated with the appropriation hereby authorized.”

21 (c) At the end of section 101, add the following new
22 subsection:

23 “(c) Unexpended balances of appropriations made
24 available for assistance to Spain pursuant to this section by

1 the Act of October 31, 1951 (Public Law 249, Eighty-
2 second Congress), are authorized to be continued available
3 until June 30, 1953."

4 SEC. 4. Title II (relating to the Near East and Africa)
5 of the Mutual Security Act of 1951 is amended as follows:

6 (a) At the end of section 201, which relates to military
7 assistance for the Near East area, add the following new
8 sentence: "There is hereby authorized to be appropriated to
9 the President for the fiscal year 1953 not to exceed \$529,-
10 614,000, to carry out the purposes and provisions of this
11 section; and in addition unexpended balances of any appro-
12 priations heretofore made pursuant to this section are author-
13 ized to be continued available for their original purposes
14 through June 30, 1953, and to be consolidated with the
15 appropriation hereby authorized."

16 (b) At the end of section 203, which relates to economic
17 and technical assistance for the Near East and Africa, add
18 the following new sentence: "There is hereby authorized to
19 be appropriated to the President for the fiscal year 1953 not
20 to exceed \$48,038,000, to carry out the purposes and provi-
21 sions of this section; and in addition unexpended balances
22 of any appropriations heretofore made pursuant to this sec-
23 tion are authorized to be continued available for their orig-
24 inal purposes through June 30, 1953, and to be consoli-
25 dated with the appropriation hereby authorized."

1 (c) After section 205 add the following new section:

2 "SEC. 206. In addition to the amounts authorized by
3 section 203, there is hereby authorized to be appropriated not
4 to exceed \$56,772,000 for carrying out the purposes and
5 provisions of section 204 of this Act, relating to Palestine
6 refugees, during the fiscal year 1953; and not to exceed
7 \$66,380,000 for carrying out the purposes and provisions
8 of section 205 of this Act, relating to refugees in Israel, dur-
9 ing the fiscal year 1953: *Provided*, That amounts appre-
10 priated pursuant to this section which the President finds can-
11 not be effectively expended to carry out the purposes and pro-
12 visions of sections 204 and 205 may be transferred to and
13 merged with the appropriations authorized by section 203."

14 SEC. 5. Title III (relating to Asia and the Pacific) of
15 the Mutual Security Act of 1951 is amended as follows:

16 (a) At the end of section 301, which relates to military
17 assistance for Asia and the Pacific, add the following new
18 sentence: "There is hereby authorized to be appropriated
19 to the President for the fiscal year 1953 not to exceed
20 \$533,859,000, to carry out the purposes and provisions
21 of this section; and in addition unexpended balances of any
22 appropriations heretofore made pursuant to this section are
23 hereby authorized to be continued available for their original
24 purposes through June 30, 1953, and to be consolidated
25 with the appropriation hereby authorized."

1 (b) At the end of section 302 (a), which relates to
2 economic and technical assistance for Asia and the Pacific,
3 add the following new sentence: "There is hereby author-
4 ized to be appropriated to the President for the fiscal year
5 1953 not to exceed \$356,354,000, to carry out the purposes
6 and provisions of this subsection; and in addition unexpended
7 balances of any appropriations heretofore made pursuant to
8 this subsection are hereby authorized to be continued avail-
9 able for their original purposes through June 30, 1953, and
10 to be consolidated with the appropriation hereby authorized.
11 Appropriations made pursuant to this subsection may be used
12 without being limited by section 503 of this Act, the section
13 which limits economic assistance to that necessary to carry
14 out mutual defense programs."

15 (c) At the end of section 302 (b), concerning Chinese
16 and Korean students in the United States, add the following
17 new sentence: "Unexpended balances of allocations hereto-
18 fore made to the Secretary of State pursuant to that proviso
19 shall be continued available until expended."

20 (d) In the first sentence of section 303 (a), authorizing
21 the appropriation of \$45,000,000 for Korean relief, after the
22 words "to be appropriated to the President" insert the words
23 "for the fiscal year 1953".

24 (e) In the second sentence of section 303 (a) strike out
25 "1952" and insert "1953".

1 (f) Immediately before the last sentence of section 303
2 (a) insert the following: "In addition, the United States
3 Department of the Army is hereby authorized to make avail-
4 able to the United Nations Korean Reconstruction Agency,
5 at the time when that agency assumes full responsibility for
6 relief and rehabilitation in Korea, goods and services of a
7 value not to exceed \$67,500,000 which the Department of
8 the Army then has on hand or on order for civilian relief
9 in Korea and which the President determines should be
10 contributed by the United States to the United Nations
11 Korean Reconstruction Agency for use in its relief and
12 rehabilitation operations in Korea. The value of goods and
13 services made available pursuant to the preceding sentence
14 shall be credited toward the contribution to be made by the
15 United States to the United Nations Korean Reconstruction
16 Agency."

17 (g) The last sentence of section 303 (b), which pro-
18 vides for reduction in United States contributions to Korean
19 relief by the amounts made available by United States
20 agencies, is hereby repealed.

21 SEC. 6. Title IV (relating to Latin America) of the
22 Mutual Security Act of 1951 is amended by adding the
23 following new section:

24 "SEC. 403. In addition to the amounts heretofore author-
25 ized and appropriated, there are hereby authorized to be

1 appropriated to the President for the fiscal year 1953 not
2 to exceed \$54,501,000 to carry out the purposes and pro-
3 visions of section 401, which relates to military assistance
4 for Latin America, and not to exceed \$19,215,000 to carry
5 out the purposes and provisions of section 402, which relates
6 to technical assistance for Latin America. In addition, unex-
7 pended balances of the appropriation heretofore made pur-
8 suant to each such section are authorized to be continued
9 available for their original purposes through June 30, 1953,
10 and to be consolidated with the applicable appropriation
11 authorized by this section."

12 SEC. 7. Title V (relating to organization) of the Mutual
13 Security Act of 1951 is amended as follows:

14 (a) Section 514, which authorizes the use of \$55,000,-
15 000 for strategic materials, and section 522, which requires
16 that at least 10 per centum of the funds for aid pursuant to
17 the Economic Cooperation Act of 1948, as amended, be in
18 the form of loans, are hereby repealed.

19 (b) In section 519 (a), which permits the limited use
20 of economic and technical assistance funds for the Near East,
21 Africa, Asia, and the Pacific to acquire local currency, im-
22 mediately after the words "may be advanced", insert the
23 words "out of funds made available for assistance under the
24 Economic Cooperation Act".

25 (c) After section 531 add the following new sections:

1 “SEC. 532. The provisions of section 119 of the Eco-
2 nomic Cooperation Act of 1948, as amended (22 U. S. C.
3 1517), which concern exemption from contract and account-
4 ing laws, shall apply to the performance of functions
5 authorized by this Act.

6 “SEC. 533. (a) Notwithstanding section 2 of the Act of
7 July 31, 1894 (5 U. S. C. 62), which prohibits certain
8 retired officers from holding certain office, any retired officer
9 of any of the services mentioned in title 37 of the United
10 States Code may hold any office or appointment under this
11 Act or the Mutual Defense Assistance Control Act of 1951,
12 but the compensation of any such retired officer shall be
13 subject to the provisions of the Act of June 30, 1932 (5
14 U. S. C. 59a), which does not permit retired pay to be
15 added to the compensation received as a civilian officer.

16 “(b) Officers of the United States Public Health Service
17 and officers of the Coast and Geodetic Survey, who are
18 assigned for duty under this Act outside the continental
19 limits of the United States, may receive the allowances and
20 benefits provided for officers in the Foreign Service Reserve
21 or Staff by the Foreign Service Act of 1946, as amended
22 (22 U. S. C. 801-1204), and may also receive salary
23 differentials as provided in that Act computed on their basic
24 pay under the Career Compensation Act of 1949, as amended
25 (37 U. S. C. 231-320); and, in addition to any quarters

1 furnished them by the Government, such officers may receive,
2 during the period of their assignment for duty outside the
3 continental limits of the United States, the allowance payable
4 under section 302 (f) of the Career Compensation Act of
5 1949, as amended (37 U. S. C. 252 (f)).

6 "SEC. 534. In order to encourage further the move-
7 ment of migrants from European countries having surplus
8 population, there is hereby authorized to be appropriated to
9 the President \$8,734,000 for use in making contributions
10 for the calendar year 1953 to the Provisional Intergovern-
11 mental Committee for the Movement of Migrants from
12 Europe established at Brussels, Belgium, on December 5,
13 1951, or to any successor organization.

14 "SEC. 535. The authority to pay ocean freight charges
15 on shipments of relief supplies and packages under sec-
16 tion 117 (c) of the Economic Cooperation Act of 1948, as
17 amended (22 U. S. C. 1515 (c)), shall be continued and
18 may be exercised after June 30, 1952, by any department or
19 agency of the Government that the President may desig-
20 nate: *Provided*, That this authority shall hereafter also be
21 applicable to relief shipments by voluntary nonprofit relief
22 agencies registered with and approved by the Advisory Com-
23 mittee on Voluntary Foreign Aid to any country eligible for
24 economic or technical assistance under this Act: *And pro-*
25 *vided further*, That not to exceed \$2,446,000 are authorized

1 to be appropriated to the President for the fiscal year 1953
2 for use in paying ocean freight charges under section 117
3 (c) of the Economic Cooperation Act of 1948, as amended.

4 "SEC. 536. The authority to make informational media
5 guaranties under section 111 (b) (3) of the Economic
6 Cooperation Act of 1948, as amended, shall be continued
7 and may be exercised after June 30, 1952, by any de-
8 partment or agency of the Government that the President
9 may designate."

10 SEC. 8. The Mutual Defense Assistance Act of 1949, as
11 amended (22 U. S. C. 1571-1604), is further amended as
12 follows:

13 (a) Before the period at the end of the proviso in the
14 first sentence of section 403 (d), which authorizes the fur-
15 nishing of \$1,000,000,000 worth of excess equipment to for-
16 eign nations, insert a comma and the words "and after
17 June 30, 1952, by an additional \$200,000,000".

18 (b) Change section 408 (e), concerning reimbursable
19 aid, to read as follows:

20 "(e) (1) The President may, from time to time, in the
21 interest of achieving standardization of military equipment
22 and in order to provide procurement assistance without cost
23 to the United States, transfer, or enter into contracts for
24 the procurement for transfer of, equipment, materials or serv-
25 ices to: (A) nations eligible for assistance under title I, II,

1 III, or IV of the Mutual Security Act of 1951; (B) a na-
2 tion which has joined with the United States in a collective
3 defense and regional arrangement; (C) any international
4 military organization or headquarters if, in the opinion
5 of the President, such assistance will further the purposes of
6 this Act; or (D) any other nation not eligible to join a col-
7 lective defense and regional arrangement referred to in clause
8 (B) above, but whose ability to defend itself or to partici-
9 pate in the defense of the area of which it is a part, is
10 important to the security of the United States: *Provided*,
11 That, prior to the transfer of any equipment, materials, or
12 services to a nation under this clause (D), it shall provide
13 the United States with assurance that such equipment, ma-
14 terials, or services are required for and will be used solely
15 to maintain its internal security, its legitimate self-defense,
16 or to permit it to participate in the defense of the area of
17 which it is a part, or in United Nations collective security
18 arrangements and measures, and that it will not undertake
19 any act of aggression against any other state: *Provided*
20 *further*, That, in the case of any such transfer, the Presi-
21 dent shall forthwith notify the Committee on Foreign Rela-
22 tions of the Senate, the Committees on Armed Services of
23 the Senate and of the House of Representatives, and the
24 Committee on Foreign Affairs of the House of Repre-
25 sentatives.

1 “(2) Whenever equipment or matériel is transferred
2 from the stocks of, or services are rendered by any agency,
3 to any nation or international organization as provided in
4 paragraph (1) above, such nation or international organi-
5 zation shall first make available the fair value, as deter-
6 mined by the President, of such equipment, materials, or
7 services before delivery or, when the President determines
8 it to be in the best interests of the United States, within
9 sixty days thereafter. The fair value for the purpose of this
10 paragraph shall not be less for the various categories of
11 equipment or materials than the value as defined in subsec-
12 tion (c) of section 403: *Provided*, That with respect to
13 excess equipment or materials the fair value may not be
14 determined to be less than the value specified in paragraph
15 1 of that subsection plus (a) 10 per centum of the original
16 gross cost of such equipment or materials; (b) the scrap
17 value; or (c) the market value, if ascertainable, whichever
18 is the greater. Before a contract is entered into, or rehabili-
19 tation work is undertaken, such nation shall (A) provide
20 the United States with a dependable undertaking to pay
21 the full amount of such contract or the cost of such re-
22 habilitation which will assure the United States against
23 any loss on the contract, or rehabilitation work, and (B)
24 shall make funds available in such amounts and at such
25 times as may be necessary to meet the payments required

1 by the contract or the rehabilitation work in advance of the
2 time such payments are due, in addition to the estimated
3 amount of any damages and costs that may accrue from the
4 cancellation of such contract or rehabilitation work: *Pro-*
5 *vided*, That the total amount of outstanding contracts under
6 this subsection, less the amounts which have been paid the
7 United States by such nations, shall at no time exceed
8 \$700,000,000.

9 “(3) The provisions of section 409 of this Act shall
10 not apply to equipment, materials, and commodities made
11 available under this subsection.”

12 SEC. 9. The Act for International Development is
13 amended as follows:

14 (a) At the end of section 404 (b), as amended, which
15 relates to contributions of not to exceed \$13,000,000 for
16 1952 to international organizations for technical cooperation
17 programs, add the following proviso: “*Provided further*,
18 That for the fiscal year 1953 not to exceed \$14,848,000 is
19 authorized to be appropriated to the President for use in
20 making contributions under this subsection.”

21 (b) Change section 413 (a) thereof, which concerns
22 the appointment of the Administrator of the Technical Co-
23 operation Administration at a salary of \$15,000, to read
24 as follows:

25 “(a) The President shall appoint, by and with the advice

1 and consent of the Senate, an Administrator for Technical
2 Cooperation, who, under the direction of the President or
3 such other officer as he may designate pursuant to section
4 412 hereof to exercise the powers conferred upon him by
5 this title, shall be responsible for planning, implementing,
6 and managing the programs authorized in this title. He shall
7 be compensated at a rate fixed by the President without re-
8 gard to the Classification Act of 1949 but not in excess of
9 \$16,000 per annum. The President may also appoint, by
10 and with the advice and consent of the Senate, a Deputy
11 Administrator for Technical Cooperation who shall perform
12 such functions as the Administrator shall designate, and shall
13 be Acting Administrator for Technical Cooperation during
14 the absence or disability of the Administrator or in the event
15 of a vacancy in the office of the Administrator. The Deputy
16 Administrator shall receive compensation at a rate fixed by
17 the President without regard to the Classification Act of
18 1949 but not in excess of \$15,000 per annum."

19 SEC. 10. Section 32 (b) (2) of the Surplus Property
20 Act of 1944, as amended (50 App. U. S. C. 1641), is
21 amended by striking out in the first sentence thereof
22 "acquired as a result of such surplus property disposals,"
23 and inserting in lieu thereof "held or available for expenditure
24 by the United States or any agency thereof (or deposited
25 pursuant to agreements entered into pursuant to section 115

1 (b) (6) and 115 (h) of the Economic Cooperation Act
2 of 1948, as amended), and not required by law or agree-
3 ment with such government to be expended or used for
4 any other purpose,".

5 SEC. 11. There is hereby authorized to be appropriated
6 to the President not to exceed \$20,962,000 to enable him to
7 make contributions to the United Nations International
8 Children's Emergency Fund until June 30, 1953, in such
9 manner and on such terms and conditions as he may deem to
10 be in the interests of the United States to support inter-
11 national children's welfare work.

82ND CONGRESS
2ND SESSION

S. 3086

[Report No. 1490]

[Report No. 1575]

A BILL

To amend the Mutual Security Act of 1951,
and for other purposes.

By Mr. CONNALLY

APRIL 30, 1952

Read twice and ordered to be placed on the calendar

MAY 5 (legislative day, MAY 1), 1952

Referred to the Committee on Armed Services with
instructions to report to the Senate on or before
MAY 15, 1952

MAY 15 (legislative day, MAY 12), 1952

Reported without amendment

an ounce and, if so, are such sales still being made?

8. Under what conditions sales of gold are made by the Treasury to foreign governments and what agreements or understandings exist relative to the resale of such gold stocks and the reporting of such transactions to the Treasury? Is it possible for a foreign government to purchase gold at \$35 an ounce from this Government and have such gold stocks held by the Treasury or the Federal Reserve bank and then have them to dispose of an equivalent or lesser amount on the free market at the prevailing world price?

I would appreciate it very much if this information could be furnished me at your earliest convenience.

With best personal regards, I remain,

Sincerely yours,

WILLIAM F. KNOWLAND.

REVISION OF LAWS RELATING TO IMMIGRATION, NATURALIZATION, AND NATIONALITY

The PRESIDING OFFICER. The Chair now lays before the Senate the unfinished business, Senate bill 2550.

The Senate resumed the consideration of the bill (S. 2550) to revise the laws relating to immigration, naturalization, and nationality, and for other purposes.

Mr. McCARRAN. Mr. President, I hold in my hand and wish to have printed in the RECORD, a telegram from Los Angeles, Calif., signed by Y. C. Hong, grand president of the Chinese-American Citizens Alliance. The telegram is addressed to myself, and reads, as follows:

LOS ANGELES, CALIF.,

May 14, 1952.

Hon. PAT McCARRAN,

Senate Office Building,

Washington, D. C.:

Our Chinese-American Citizens Alliance, the only nationally organized group of American citizens of Chinese descent in this country, heartily supports the passage of S. 2550 your omnibus immigration and naturalization bill. We believe the provisions therein represent both careful deliberation and honest effort to eliminate racial discrimination from our immigration and naturalization laws and prevent unnecessary separation of families. Letter following.

Y. C. HONG,

Grand President.

Mr. President, I now hold in my hand a letter under date of May 13, 1952, on the letterhead of the Chinese American Citizens Alliance, of San Francisco, Calif. The letter is over the signature of Y. C. Hong, and is addressed to me. It reads as follows:

CHINESE AMERICAN CITIZENS ALLIANCE,

San Francisco, Calif., May 13, 1952.

Hon. PATRICK McCARRAN,

Senate Office Building,

Washington, D. C.

MY DEAR SENATOR: This is to confirm my telegram of even date, a copy of which is attached hereto, voicing our support of your omnibus immigration and naturalization bill, S. 2550. We appreciate that this proposed legislation is the result of an intensive investigation and study of our entire immigration and naturalization system for almost 3 years and that it meets the approval of the greatest number of our people who have the welfare of our country at heart.

We are happy that an honest effort has been made not only to eliminate the racial barriers in our immigration and naturalization laws but also to prevent unnecessary,

inhuman separation of families. It takes a statesman with your foresight and patriotism to champion such a progressive measure.

Respectfully yours,

Y. C. HONG.

Mr. President, I now wish to read to the Senate a letter from the Department of State, as it appears on page 31 of Report No. 1365 of the House of Representatives, Eighty-second Congress, second session, which is the report of the Committee on the Judiciary on House bill 5678. The letter is addressed to Hon. EMANUEL CELLER, chairman of the House of Representatives Committee on the Judiciary, and is signed by Jack K. McFall, Assistant Secretary, for the Secretary of State. I now read the letter:

FEBRUARY 6, 1952.

Hon. EMANUEL CELLER,

Chairman, Committee on the Judiciary,
House of Representatives.

MY DEAR MR. CELLER: Further reference is made to your letter of October 18, 1951, the receipt of which was acknowledged on October 22, 1951, regarding the views of the Department of State on H. R. 5678—

Let me say at this point, parenthetically, that House bill 5678 is the House companion measure to Senate bill 2550—

a bill introduced by Congressman WALTER, of Pennsylvania, to revise the laws relating to immigration, naturalization, and nationality, and for other purposes.

The bill H. R. 5678 represents a revision of a previous bill, H. R. 2379, which was also introduced by Congressman WALTER, for the same purpose. The revision was made after public hearings were held by a joint committee of the Senate and the House of Representatives. The Senate bill in question was S. 716, introduced by Senator McCARRAN. It has also been revised and the revision has been incorporated in a new bill, S. 2055, of which H. R. 5678 is a counterpart.

The Department of State submitted a report and officers of the Department testified at the public hearing before the joint committee on the earlier bills. Some of the suggestions of this Department and of its officers have been adopted in the revised bills, and in other instances changes have been made which at least partly conform to the views of this Department.

The Department considers that the revised bill is in many respects an improvement over the existing law. It endorses the idea of an omnibus immigration measure which will constitute a codification of all existing law on the subject. The bill constitutes a step in the direction of better relations with foreign countries. The Department, however, has comments and suggestions which it is prepared, and requests the opportunity, to present to your committee at its convenience.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

JACK K. McFALL,

Assistant Secretary

(For the Secretary of State).

All of that goes to confirm the statement I made in my opening remarks, Mr. President, namely, that representatives of the State Department were heard at our hearings, including representatives of the Passport Division and the Visa Division of the Department of State. Representatives of all those agencies were heard, and their views were taken into consideration and were molded into this bill.

Mr. LEHMAN. Mr. President, will the Senator from Nevada yield for a question?

Mr. McCARRAN. I yield for a question.

Mr. LEHMAN. The question is this: Will the Senator from Nevada explain to the Senate the differences between House bill 5678 and Senate bill 2550, because there is not much doubt, as I am sure the Senator from Nevada will agree, that there are differences between the two bills; and the letter written by Assistant Secretary of State McFall applies to House bill 5678.

Mr. McCARRAN. Mr. President, in response to the request that I explain the differences, I shall do so:

Mr. President, most of the points of difference between my bill, S. 2550, and H. R. 5678, as it passed the House, involves technical changes or changes for purpose of clarification, and do not involve major substantive changes. In addition to the technical and inconsequential differences, the principal differences between the provisions of the two bills relating to immigration are as follows:

First. H. R. 5678 omits the provision contained in section 101 (f) of S. 2550 which sets forth in detail who is not to be considered a person of good moral character within the meaning of the provisions of the bill relating to naturalization and suspension of deportation cases.

Second. H. R. 5678 modifies in some respects the provisions relating to the grounds for the exclusion of aliens as they appear in S. 2550.

Third. Another point of difference between H. R. 5678 and S. 2550 is with regard to the provisions relating to the grounds for deportation. The House bill contains some modification of several of the grounds of deportation as they appear in S. 2550. However, I do not believe that the difference between the two bills in this regard presents any serious question, since both bills strengthen the provisions relating to the deportable classes of aliens.

Fourth. The House and Senate bills also differ somewhat in the provisions relating to the procedure for granting suspension of deportation. While the provisions in both bills are designed to correct many of the abuses which have occurred under the present suspension-of-deportation procedure as contained in section 19 (c) of the Immigration Act of 1917, the House bill would relax somewhat the provisions as they appear in S. 2550. Again, however, I believe that these minor differences can be adjusted in conference in such a manner as to provide a procedure for the granting of suspension of deportation which would correct many of the defects of the existing suspension-of-deportation procedure.

Fifth. Another point of divergence between the two bills is that the House bill, as amended on the floor, attempts to give statutory recognition to the Board of Immigration Appeals. My bill, S. 2550, does not change existing law in this respect, but leaves it to the discretion of the Attorney General in cases where

a right of appeal is provided under the bill to determine whether or not the Board of Immigration Appeals is continued.

Sixth. The House bill makes provision for a joint congressional committee, to be known as the Joint Committee on Immigration and Naturalization Policy, whose function would be to make a continuous study of the administration of the act and of such conditions within or without the United States as might have any bearing on the immigration and naturalization policy of the United States. The Senate bill makes no similar provision, but I am confident that the desirability of establishing such a joint committee can be satisfactorily resolved in conference.

Most of the differences between those provisions of my bill and the House bill relating to naturalization are technical or minor in nature. The chief areas of significant difference are with reference to loss of nationality caused by residence abroad by naturalized citizens, and the procedure for regaining nationality by persons who have lost it.

Mr. President, as I pointed out at the outset, most of the points of difference between the House and Senate bill are technical, and are for the purpose of correcting drafting errors or for purposes of clarification. I do not believe that the few minor points of divergence with respect to the substantive provisions present any serious problem. I am quite confident that any points of disagreement between the House and the Senate with respect to policy questions can be satisfactorily ironed out in conference and that the Congress will ultimately be presented with a bill which will provide this country a sound immigration and nationality system.

Mr. LEHMAN. Mr. President, I wish to thank the Senator from Nevada, the distinguished chairman of the Judiciary Committee, for so clearly pointing out at least some of the very substantial differences which exist between the House bill and the Senate bill. They are not minor differences. In the opinion of those who oppose the McCarran bill—which is the only measure now before the Senate—the differences from the Walter bill as approved by the House are vital and substantial. I believe that the statement just read by the distinguished Senator from Nevada is an illuminating statement showing the great differences between the two bills. These differences make the letter from the Assistant Secretary of State, Mr. Jack K. McFall, just read, of rather questionable significance in regard to S. 2550. Of course, I am grateful to the Senator from Nevada for his reading of this memorandum and statement. I repeat, it is a very illuminating document.

I want to make clear, Mr. President, that I and my associates see grave defects in the Walter bill. It is not a sound measure in its present form. But there are vital differences and great improvements in the Walter bill over the McCarran bill.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bridges	Hickenlooper	McMahon
Butler, Md.	Hoey	Mundt
Connally	Holland	Neely
Dirksen	Johnson, Colo.	Pastore
Douglas	Johnston, S. C.	Robertson
Ferguson	Lehman	Seaton
Flanders	Long	Smith, N. C.
Frear	Martin	Stennis
George	Maybank	Taft
Gillette	McCarran	Welker
Hayden	McClellan	Wiley
Hendrickson	McFarland	Williams

Mr. JOHNSON of Texas. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Washington [Mr. MAGNUSON], and the Senator from Georgia [Mr. RUSSELL] are absent by leave of the Senate.

The Senator from Virginia [Mr. BYRD], the Senator from Kentucky [Mr. UNDERWOOD], the Senator from Rhode Island [Mr. GREEN], the Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senators from Oklahoma [Mr. KERR and Mr. MONROE], the Senator from West Virginia [Mr. KILGORE], the Senator from Montana [Mr. MURRAY], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Oregon [Mr. MORSE], and the Senator from Minnesota [Mr. THYE], are absent by leave of the Senate.

The Senator from Utah [Mr. BENNETT], the Senator from Montana [Mr. ECTON], the Senator from North Dakota [Mr. LANGER], the Senator from Nevada [Mr. MALONE], and the Senator from New Hampshire [Mr. TOBEY] are absent on official business.

The Senator from Maine [Mr. BREWSTER], the Senators from Indiana [Mr. CAPEHART and Mr. JENNER], the Senator from Kansas [Mr. CARLSON], and the Senator from Pennsylvania [Mr. DUFF], are necessarily absent.

The PRESIDING OFFICER. A quorum is not present.

Mr. McFARLAND. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. BENTON, Mr. BRICKER, Mr. BUTLER of Nebraska, Mr. CAIN, Mr. CASE, Mr. CORDON, Mr. DWORSHAK, Mr. EASTLAND, Mr. ELLENDER, Mr. FULBRIGHT, Mr. HENNINGS, Mr. HILL, Mr. HUMPHREY, Mr. IVES, Mr. JOHNSON of Texas, Mr. KEM, Mr. KNOWLAND, Mr. LODGE, Mr. MCCARTHY, Mr. MCKELLAR, Mr. MILLIKIN, Mr. MOODY, Mr. NIXON, Mr. O'CONOR, Mr. O'MAHONEY, Mr. SALTONSTALL, Mr. SCHOEPPLE, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. SMITH of New Jersey, Mr. WATKINS, and Mr. YOUNG entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

MUTUAL SECURITY APPROPRIATIONS

Mr. FLANDERS. Mr. President, I wish to say a very few words with regard to the mutual security bill, on which I shall be unable to vote because I expect to be absent.

First, I wish to register my opposition to the proposed further cut of \$400,000,000, which I presume will be attempted by way of an amendment offered from the floor. This is the wrong place to cut out \$400,000,000. The bill gives us the cheapest production of arms and armament we can get. I was assured during the hearing by Secretary Lovett that, practically speaking, all the economic aid went into the production of arms and armament abroad, where they can be produced more cheaply than here. It is not an economy measure to cut off this \$400,000,000.

I am also opposed to an amendment which may be offered from the floor relating to the disposition of jet planes so that more of them may go to Korea. That I conceive to be a worthy objective, but in my opinion, sought to be attained, by the wrong means. The right means is to have the Secretary of Defense and the Chief of the Joint Chiefs of Staff before us to report on the degree of unification which has really been arrived at, and upon the assignment of duties and responsibilities to the various services, and then to ascertain whether, for example, too little is going to aircraft and too much to manpower.

I have been urging that an investigation should take into account such a reorientation of our military policy, as was suggested by me in a magazine article published last fall, and as Mr. Hoover has suggested in an article in the Reader's Digest. Such an investigation might well save billions of dollars instead of hundreds of millions, and might lead, through a saving, to a much better Military Establishment.

FLOODS IN THE UNITED STATES AND IN ITALY

Mr. LODGE. Mr. President, recent travels have taken me over the flooded areas of the Middle West. When one views this disruption of lives and this damage, and when one adds to it the vast losses of the floods of nearly a year ago, the question naturally projects itself as to when we are going to take adequate steps to check the ravages of floods. Here we have a nation abundant in inventive and engineering resources and in all it takes to master floods. Yet our human contrivings, to say nothing of our politics, seem to set at naught our technology. Meanwhile, the floods roll on.

I am reminded by a letter from a friend in Italy that they roll on in other places of the world, too. Last November the Po River broke through its levees in several places in Northern Italy, necessitating the evacuation of some 180,000 men, women, and children.

responsibility will be ours to endeavor to override such veto should it occur.

I recommend the full support of this resolution.

Mr. WALTER. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. WILSON].

Mr. WILSON of Texas. Mr. Speaker, I think it is extremely important that every Member on the floor who intends to vote on this bill understand exactly what is in this conference report. A Member just said to me, "Is this bill satisfactory to Texas?" This bill is titles 1 and 2 of the Walter bill passed by this House, which quit-claims the historical boundaries to Texas, which is three leagues, and to every other State, with the exception of two, Florida and Louisiana, 3 miles. It does not give them anything. It reaffirms and ratifies their rightful ownership to property they have had all this time. The Federal Government is not giving the States anything. This bill does not deal with the Continental Shelf where the great proportion of the production of oil and gas is now being gotten. For instance, within the three-league belt in Texas there is not one barrel of oil production at this time. All the oil production is outside of the historical boundaries of the State. So this bill deals purely and simply with the 3-mile belt around the coast line of all the States, and with inland waters, as stated by the gentleman from Pennsylvania [Mr. WALTER], and does not deal with the Continental Shelf, State police powers, nor the conservation laws, or anything else.

Mr. Speaker, we are strong for this bill, although we would rather have had the Walter bill, but we could not get the Walter bill in conference. We are strong for this bill because we believe it is right and we believe it should pass this House by an overwhelming majority. It is a States rights bill. It is a bill that recognizes and confirms the rights of the States when they came into the Union, and we think this bill should be passed by an overwhelming vote.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. WILSON of Texas. I yield to the gentleman from Minnesota.

Mr. JUDD. Can the gentleman assure us that if this conference report is adopted, there will not come a day when the Attorney General will stand up in the Supreme Court and argue that because we did not deal in any way in this bill with the Continental Shelf, we were thereby acquiescing in the Federal Government's present claim to that shelf, or recognizing its right to take it at some future time?

Mr. WILSON of Texas. This conference report provides that no question in regard to the Continental Shelf is settled by this legislation. I would say, as one of the conferees, that we did not deal with the Continental Shelf; that this bill does not, by quit-claim or otherwise, give the Continental Shelf to the Federal Government, nor to the States, nor to anybody else. It leaves it an open question.

Mr. JUDD. I thank the gentleman for making that clear on the record.

Mr. WILSON of Texas. I thank the gentleman.

Mr. WALTER. Mr. Speaker, I ask unanimous consent that all Members may be permitted to extend their remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. McCARTHY].

Mr. McCARTHY. Mr. Speaker, as a Representative from a State bordering on the Great Lakes, I deeply appreciate the concern expressed by other Members of the House over our State's title to the potential wealth lying beneath the waters of these Lakes. I only wish that many who have expressed this great concern here today would support us in our efforts to develop the navigation on the Great Lakes and support the St. Lawrence seaway project. Such support of what is known, actual, and immediate, would be evidence of the sincerity of their expressed concern over the potential, the remote, and unknown.

Mr. BROOKS. Mr. Speaker, this is a historic occasion. For many years those of us vitally affected by the tidelands problem have been working upon this measure. At times we have worked with very little hope but always with the steadfast purpose of asserting the rights—constitutional and inherent—of the several States in these lands which constitute the bottom of the sea adjacent to the States and the lands beneath navigable waters within the State boundaries. We are now brought face to face with what I hope will be the final legislative action on this matter. It is, therefore, a day of realization.

Mr. Speaker, we from Louisiana support this measure. We are not satisfied, however, with all of the terms of the bill. It is nonetheless the best bill which time and effort and ability have been able to give us, working as they have under the tremendous difficulties which confront the States of the Union.

In Louisiana, for instance, to fully protect our rights our claims should be recognized as far out as the edge of the Continental Shelf. In places off the coast of Louisiana, this may be a full hundred miles and all of this land under the Gulf of Mexico to the edge of the Continental Shelf is State land.

It is my interpretation of this bill that all States will be recognized to own at least the first three seaward miles beyond the boundary of the State. If the constitution of a State—or the laws prior to or at the time such State became a member of the Union—extended the boundary beyond the three seaward miles, this bill recognizes this additional part of the tidelands to be in the State.

Since the State of Louisiana, I think, is more affected by this controversy than any other State, it is unfortunate that we do not have far more of the tidelands recognized to be in Louisiana than this bill provides.

I am supporting this bill because it does finally settle the tidelands in Louisiana to a portion of the waters claimed

by it. In voting for it I am not satisfied with the results, but I hope that at some future time we may by further legislation bring about a more desirable result.

One argument which impels me to support this measure is the fact that this will settle title in the State of Louisiana, as I read the bill, to waters within the limits of our offshore islands. Louisiana has many islands. Some of them extend far out to sea. We therefore properly claim the sea within the island boundaries and toward the shoreward side of them. This provision will help Louisiana absorb the heavy blow which it is receiving at the hands of militant bureaucracy. It will help make the attempted tidelands seizure reasonably acceptable to Louisiana as she moves forward in a protracted effort to obtain a full measure of justice and a more equitable solution to our great problem.

Mr. LARCADE. Mr. Speaker, as a Representative from Louisiana, one of the States most interested in the legislation under consideration, and having appeared and made statements before the House and Senate committees holding hearings on the subject under discussion since the first bill was introduced to set aside the Supreme Court decision alleging the ownership by the Federal Government of our submerged lands in Louisiana and the other States, and the validity of our ownership having been established beyond any question of a doubt, and further, having made arguments on the floor of the House each time a bill was considered on the subject by the House where the claims of the State of Louisiana and the other States was fully established, proven, and resolved, it is not now necessary for me to add any further evidence or argument on this conference report under the bill providing for quitclaim to the submerged lands belonging to Louisiana offshore from the Gulf of Mexico, as well as the State of Texas and other States and offshore submerged lands in the oceans and other streams.

Mr. Speaker, the legislation which is approved here under this conference report only deals with the submerged lands offshore within the 3-mile limit in the case of Louisiana and other States, with the exception of the State of Texas.

Mr. Speaker, as a Representative from the State of Louisiana it is my position—and I am certain that it is the position of all others who are accepting this conference report and who will vote for it—that this does not in any manner, shape, or form acknowledge that the Federal Government has any claim, interest, or title to submerged lands extending beyond the 3-mile limit of the States.

Mr. TOLLEFSON. Mr. Speaker, I sincerely trust that the House will approve the conference report on Senate Joint Resolution 20, the so-called tidelands oil bill. It is necessary for Congress to confirm and establish the title of the various States to lands beneath navigable waters within the State boundaries and to give clear title to the State to the natural resources within such lands and waters. The coastal States have owned these submerged lands even before their admission to the Union.

Their titles were recognized at the time of their admission to the Union. Decisions of many courts, excluding that of the Supreme Court which gave rise to this legislation, have recognized the interests of the States in this land. The Supreme Court itself refused the Government's suggestion that "proprietaryship" of the lands be declared vested in the United States. The attorneys general of 47 States have supported this legislation, as have American port authorities, State governors, and other governmental agencies. The conference report should be approved.

Mr. WALTER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. WALTER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 247, nays 89, answered "present" 2, not voting 93, as follows:

[Roll No. 71]

YEAS—247

Abbitt	Curtis, Nebr.	Jones,
Abernethy	Dague	Hamilton C.
Adair	Davis, Tenn.	Jones,
Allen, Ill.	Davis, Wis.	Woodrow W.
Allen, La.	Deane	Judd
Anderson, Calif.	DeGraffenried	Kean
Andersen,	Dempsey	Kearney
August H.	Denny	Kearns
Andrews	Devereux	Kersten, Wis.
Angell	Dolliver	Kilburn
Arends	Dondero	Kilday
Armstrong	Donohue	King, Calif.
Auchincloss,	Donovan	King, Pa.
Ayres	Dorn	Lantaff
Baker	Doughton	Larcade
Barden	Ellsworth	Latham
Bates, Mass.	Elston	LeCompte
Battle	Fallon	Lucas
Beall	Fenton	Lyle
Beamer	Fernandez	McConnell
Beckworth	Fisher	McCulloch
Bender	Ford	McDonough
Bennett, Fla.	Forrester	McGregor
Bennett, Mich.	Frazier	McKinnon
Bentsen	Fulton	McMillan
Berry	Gamble	McMullen
Betts	Gary	Mack, Wash.
Bishop	Gathings	Mahon
Blackney	Gavin	Martin, Iowa
Boggs, Del.	George	Martin, Mass.
Boggs, La.	Golden	Marrow
Bolton	Goodwin	Miller, Calif.
Bow	Graham	Miller, Md.
Bramblett	Grant	Miller, Nebr.
Bray	Greenwood	Miller, N. Y.
Brehm	Gwinn	Mills
Brooks	Hagen	Morano
Brown, Ga.	Hale	Murdoch
Brown, Ohio	Hall,	Murray
Brownson	Leonard W.	Nelson
Bryson	Halleck	Nicholson
Budge	Harden	Norblad
Burleson	Hardy	Norrell
Burton	Harris	O'Hara
Busbey	Harrison, Nebr.	Ostertag
Bush	Harvey	Passman
Butler	Havener	Patman
Byrnes	Hays, Ark.	Patterson
Camp	Hébert	Philbin
Chatham	Herlong	Phillips
Chenoweth	Herter	Pickett
Chilperfield	Hess	Poage
Church	Hill	Poulson
Clevenger	Hillings	Preston
Cole, Kans.	Hinshaw	Priest
Cole, N. Y.	Hoffman, Ill.	Prouty
Colmer	Hollifield	Rains
Combs	Holmes	Rankin
Cooley	Hope	Reece, Tenn.
Cooper	Horan	Reed, Ill.
Cotton	Ikard	Reed, N. Y.
Coudert	Jackson, Calif.	Rees, Kans.
Crawford	James	Regan
Crumpacker	Jenison	Richards
Cunningham	Jenkins	Riehlman
Curtis, Mo.	Jensen	Rivers

Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Ross
Sadlak
St. George
Sasscer
Saylor
Schenck
Scott, Hardie
Scrivner
Scudder
Seely-Brown
Shafer
Short
Sikes
Simpson, Ill.
Simpson, Pa.

Sittler
Smith, Kans.
Smith, Va.
Smith, Wis.
Springer
Stanley
Steed
Stockman
Taber
Talle
Teague
Thomas
Thompson,
Mich.
Thompson, Tex.
Thornberry
Tollefson
Trimble

NAYS—89

Addonizio
Andersen,
H. Carl
Aspinall
Bailey
Barrett
Bosone
Buchanan
Burdick
Canfield
Cannon
Carnahan
Case
Geller
Chelf
Chudoff
Clemente
Corbett
Delaney
Denton
Dollinger
Eberhart
Elliott
Feighan
Fine
Flood
Fogarty
Furcolo
Gordon
Granahan

Green
Gregory
Gross
Hays, Ohio
Heller
Heseltan
Howell
Hull
Irving
Javits
Jones, Ala.
Karsten, Mo.
Keating
Kee
Kelley, Pa.
Keogh
Kirwan
Klein
Kluczynski
Lane
Lind
McCarthy
McCormack
McGrath
McGuire
McVey
Machrowicz
Mack, Ill.
Madden
Mansfield

Vail
Van Zandt
Vinson
Vorys
Vursell
Walter
Welchel
Wharton
Whitten
Widnall
Wigglesworth
Williams, N. Y.
Willis
Wilson, Tex.
Winstead
Wolcott
Wood, Idaho
Yorty

Marshall
Meader
Mitchell
Morgan
O'Brien, Ill.
O'Brien, Mich.
O'Konski
O'Neill
Osmer
Patten
Polk
Powell
Price
Rabaut
Radwan
Reams
Rhodes
Ribicoff
Rodino
Rooney
Secret
Sieminski
Spence
Staggers
Taylor
Wier
Withrow
Wolverton
Yates
Zablocki

ANSWERED "PRESENT"—2

Hart

Rogers, Colo.

NOT VOTING—93

Aandahl	Granger	O'Brien, N. Y.
Albert	Hall	O'Toole
Allen, Calif.	Edwin Arthur	Perkins
Anfuso	Hand	Potter
Bakewell	Harrison, Va.	Ramsay
Baring	Harrison, Wyo.	Redden
Bates, Ky.	Hedrick	Riley
Belcher	Heffernan	Roberts
Blatnik	Hoeven	Robeson
Bolling	Hoffman, Mich.	Roosevelt
Bopner	Hunter	Sabath
Boykin	Jackson, Wash.	Scott,
Buckley	Jarman	Hugh D., Jr.
Buffett	Johnson	Sheehan
Burnside	Jonas	Shelley
Carlisle	Jones, Mo.	Sheppard
Carrigg	Kelly, N. Y.	Smith, Miss.
Cox	Kennedy	Stigler
Crosser	Kerr	Sutton
Davis, Ga.	Lanham	Tackett
Dawson	Lesinski	Van Pelt
D'Ewart	Lovre	Velde
Dingell	McIntire	Watts
Doyle	Magee	Welch
Durham	Mason	Werdel
Eaton	Morris	Wheeler
Engle	Morrison	Wickersham
Evins	Morton	Williams, Miss.
Forand	Moulder	Wilson, Ind.
Fugate	Multer	Wood, Ga.
Garmatz	Mumma	Woodruff
Gore	Murphy	

So the conference report was agreed to.
The Clerk announced the following pairs:

On this vote:

Mr. Werdel for, with Mr. Morton against.
Mr. Doyle for, with Mr. Sabath against.
Mr. Sheppard for, with Mr. Multer against.
Mr. Engle for, with Mr. Kennedy against.
Mr. Kerr for, with Mr. Heffernan against.
Mr. Hand for, with Mr. Hart against.
Mr. Allen of California for, with Mr. Baring against.
Mr. Johnson for, with Mr. Granger against.
Mr. Shelley for, with Mr. Dawson against.

Mr. Belcher for, with Mr. Dingell against.
Mr. Harrison of Virginia for, with Mr. Rogers of Colorado against.
Mr. Carrigg for, with Mr. Bakewell against.
Mr. Mumma for, with Mr. Murphy against.
Mr. Smith of Mississippi for, with Mr. Buckley against.
Mr. Riley for, with Mr. Crosser against.
Mr. Van Pelt for, with Mr. Bates of Kentucky against.
Mr. Sheehan for, with Mr. Forand against.
Mr. Garmatz for, with Mr. Lesinski against.
Mr. Evins for, with Mr. Perkins against.
Mr. Jarman for, with Mr. Jones of Missouri against.
Mr. Lovre for, with Mr. Burnside against.
Mr. Hunter for, with Mr. Ramsay against.
Mr. Jonas for, with Mr. Blatnik against.
Mr. Morrison for, with Mr. Anfuso against.
Mr. Coudert for, with Mr. Roosevelt against.
Mr. Fugate for, with Mr. Magee against.
Mr. Hoeven for, with Mrs. Kelly of New York against.

Until further notice:

Mr. Aandahl with Mr. Albert.
Mr. Buffett with Mr. Jackson of Washington.
Mr. D'Ewart with Mr. Bolling.
Mr. Eaton with Mr. Carlyle.
Mr. Edwin Arthur Hall with Mr. Davis of Georgia.
Mr. Harrison of Wyoming with Mr. Cox.
Mr. Hoffman of Michigan with Mr. Morris.
Mr. Woodruff with Mr. Durham.
Mr. Wilson of Indiana with Mr. Gore.
Mr. Velde with Mr. O'Toole.
Mr. Hugh D. Scott, Jr., with Mr. Lanham.
Mr. Potter with Mr. Redden.
Mr. Mason with Mr. Roberts.
Mr. McIntire with Mr. Sutton.

Mr. WOLVERTON changed his vote from "yea" to "nay."

Mr. HART. Mr. Speaker, I have a live pair with the gentleman from New Jersey, Mr. HAND. I withdraw my vote and vote "present."

Mr. ROGERS of Colorado. Mr. Speaker, I have a live pair with the gentleman from Virginia, Mr. HARRISON. If he were present he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

Mr. HINSHAW. Mr. Speaker, is the gentleman from California, Mr. HUNTER, recorded?

The SPEAKER. He is recorded as having voted "nay."

Mr. HINSHAW. Mr. Speaker, the gentleman from California, Mr. HUNTER, is not present and hence could not possibly have so voted. In fact he has asked me to see to it that he be paired in favor of this conference report.

The SPEAKER. Without objection, the gentleman's vote will be withdrawn. There was no objection.

Mr. HINSHAW. And besides, Mr. Speaker, if the gentleman had been here he would have voted "yea," so I am informed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AMENDING THE MUTUAL SECURITY ACT OF 1951

Mr. SMITH of Virginia, from the Committee on Rules, reported the following privileged resolution (H. Res. 640, Rept. No. 1932), which was referred to

the House Calendar and ordered to be printed.

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 6 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute committee amendment recommended by the Committee on Foreign Affairs now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of the reading of the bill for amendment, the committee shall rise and report the same to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommend with or without instructions.

ARMED FORCES PAY RAISE ACT

Mr. KILDAY. Mr. Speaker, I call up the conference report on the bill (H. R. 5715) to amend sections 201 (a), 301 (e), 302 (f), 302 (g), 508, 527, and 528 of Public Law 351, Eighty-first Congress, as amended, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of May 12, 1952.)

Mr. KILDAY. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, the conference report is quite simple. The House bill granted a 10-percent increase in base pay and a 10-percent increase in allowances. The Senate bill granted an increase of 3 percent in base pay and varying amounts in allowances. As one of the conferees I certainly objected to the varying amounts in allowances, because we have never granted allowances on the basis of the number of dependents.

The bill that we have brought back from conference grants a 4-percent increase in base pay and 14 percent in allowances. That means that whereas the House bill cost \$850,000,000 and the Senate bill would have cost \$470,000,000 for fiscal 1953, this bill will cost \$484,000,000, or a total net saving under the House bill of \$366,000,000. When you grant 14 percent in allowances you are probably giving much the greater increase to those people who do have dependents and who need it the most. The House bill did not

contain any provision with reference to combat pay. The Senate bill did contain such a provision, but I want to call your attention to the fact that the provision with reference to combat pay was not reported by the Senate Committee on Armed Services, but was added by an amendment on the floor of the Senate. The question of combat pay is most technical it is a most difficult thing to administer. The House committee has never had any hearings on the question of combat pay, and I think that if you will take the conference report and turn to page 5, the last two paragraphs there, you will agree that this is not the place for combat pay. I think you will find that the chairman of the committee and the conferees are pretty fairly committed to holding hearings and considering the question of combat pay. I think the conferees have done a good job. I think the other members of the conference committee will agree. My friend from Missouri, the ranking Member on the Republican side, I know feels that maybe we did a little better job in conference than we did in committee. The gentleman would not deny that, would he?

Mr. SHORT. I merely want to say this to the gentleman: I think the Senate bill was a better bill than the one we passed here in the House, and the compromise we reached is a better bill because we did not take up the very controversial and difficult question of combat pay. That has no place whatever in this particular piece of legislation. The Senate was agreeable to postponing consideration of combat pay for special consideration. The House conferees were rather adamant at first in holding out for an increase of 5 percent in base pay and 10-percent increase for subsistence and allowances, but after more thorough discussion and consideration we finally yielded to the Senate's position and made it 4 and 14.

Mr. KILDAY. I would not agree with the gentleman from Missouri that the Senate bill was better than the House bill, but I think the bill which has come from the conference is the type of bill we should adopt.

Mr. SHORT. I think the conference report is a better bill than either the House or the Senate bill, and we have no objection on this side to the conference report.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. KILDAY. I yield to the gentleman from West Virginia.

Mr. BAILEY. May I inquire of the distinguished gentleman from Texas if his conference committee worked out anything in the way of increasing allowances for cadets in the Military Academy and the midshipmen in the Naval Academy?

Mr. KILDAY. The pay of cadets and midshipmen was increased 4 percent, but we did not give them the 14 percent. We gave them 4 percent. We also went back and corrected an oversight which we had in the 1949 law with reference to credit for retired men of the Academies. The Comptroller General had held that they were not entitled to such credit, under

the 1949 law, even though they had been entitled to it prior to October 1, 1949. But I want to point out specifically that they had to enter the Academy not later than 1912 in the case of the Army, and 1913 in the case of the Navy, or they do not get that credit for retirement-pay purposes.

Mr. Speaker, I yield 5 minutes to the gentleman from Louisiana [Mr. Brooks].

Mr. BROOKS. Mr. Speaker, I signed the conference report along with the other conferees. I think the conference report is a good one, and we should stand behind the bill. I think the House yielded far enough in its agreement to reduce the pay raise to the members of the Armed Forces which we had already approved in the House version of the bill.

My objection to the conference report is that we do not include title II; that is, combat pay. I initially objected to the conference report because I think we have an obligation to include combat pay in this bill. It is true the Senate provision perhaps did not have the study that could have been given in advance to this question of combat pay, but in the period of time since the passage of the House and the Senate bill and this hour we could have given ample time to study it.

I think it is creating a very bad morale situation overseas to leave the ground troops out of consideration. We pay the men in the submarines extra pay because of extra hazard. We pay the deep-sea demolition men extra pay because of the extra hazard. We pay the paratroopers extra pay because of the extra hazard. We pay the men who fly over there extra pay because of the extra hazard. But when it comes to the ground men in the infantry division that are taking the brunt of the fighting over there, we do not make any provision whatsoever to take care of them with hazard pay. In other words, we take care of everyone except those who push the plow and do the heavy work. The casualties over there show that out of 168,000 men in Korea that are casualties, more than 100,000 have been from the ground troops. Yet, we pay men in the submarines, and I make no objection to that—we pay "hazard-duty pay" over there for the risk that they run, and yet we have not lost one single submarine, and not one single man on a submarine lost since Korea. I think it is high time that we, in the Congress, gave some thought to a more equitable distribution of hazard pay. If we are going to proceed to support the principle of hazard pay, and we have already begun that. We did it in World War II when we issued combat infantry badges because the hazard of the infantry men was so great, we increase the pay. But, at the end of World War II, the increased pay was revoked. We are now paying extra duty pay to airmen, and Navy men in submarines, and deep-sea demolition men, paratroopers, and people of that character, but we are not making any effort to pay extra hazard pay to the men who are bearing the full brunt of the fighting over there in Korea, and who are suffering the casualties. When your

casualties run at the rate of over 100,000 for the ground troops and five or six thousand for all of the others, you can see yourself where the danger is. I say again, if we are going to proceed on the principle of paying extra pay for hazardous duty, we certainly ought not to overlook the doughboy and the ground troops which are carrying the load over there and taking so much of the punishment.

Mr. KILDAY. Mr. Speaker, will the gentleman yield?

Mr. BROOKS. I yield.

Mr. KILDAY. As I understand the gentleman's position, he has no objections to the conference report, and I believe he agrees with the provision of the conference report permitting the committees of both the House and the Senate to take up the combat-pay matter for consideration.

Mr. BROOKS. It is a good report, and I am for it. I endorse the report, and at the same time I am making this appeal for the hazard-duty pay.

Mr. KILDAY. As I understand, the gentleman has a bill pending before our committee with reference to this combat pay, and he is perfectly willing for the conference report to be adopted in view of that commitment.

Mr. BROOKS. I want the conference report to be adopted because I am very strong in support of the conference report. I would like to hear you and our distinguished chairman, the gentleman from Georgia, tell us when we are going to take up the extra-hazard duty pay bill?

Mr. KILDAY. Of course, I cannot bind the gentleman from Georgia, but I would be very glad to yield to him or the gentleman from Louisiana can yield to him for his comments with reference to this matter.

Mr. BROOKS. I yield to the gentleman from Georgia to tell us when he is going to take that up.

Mr. VINSON. Of course, Mr. Speaker, there are a great many bills relating to combat pay pending before the Committee on Armed Services. And, of course, the committee tries to provide an opportunity to hear all of the bills at the earliest possible date. I am hoping that this question can be reached, at least before we adjourn, and that some definite program with reference to this matter can be worked out.

Mr. BROOKS. Mr. Speaker, I have had conferences with representatives from the Department of the Army. I had some doubts and some misgivings at first as to whether or not you could apply the terms of the Senate amendment to combat pay. These men from the Department of the Army assure me that it can be easily applied, even as written, and it would not have cost a prohibitive amount of money. They said it would accomplish a great deal so far as morale building is concerned over there to take care of the ground troops, as we have taken care of the submarine men and the fliers. I think we should have proceeded to do the job. If we are going to put them out in the mud and slime and dirt in the fox holes, and let them get shot to pieces, we ought at least to pay them at the same rate of pay as those

who are in less hazardous and less exposed positions.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. BROOKS. I yield.

Mr. VAN ZANDT. Does the gentleman understand that we now have a commitment that the House Armed Services Committee will take up the extra hazard pay bill for the infantrymen?

Mr. BROOKS. I certainly think so and furthermore I think the report is a commitment in itself. That is the reason I went along with the report, because, in my judgment, it holds of the hope of doing something for those men who are fighting in Korea who ought to be paid the same rate of pay as the others are being paid for extra hazard duty.

Mr. VAN ZANDT. Then the gentleman understands that before this session of the Congress adjourns, we will have on this floor the hazard pay bill for infantrymen.

Mr. BROOKS. I am not the chairman, and I cannot say that, but insofar as my vote is concerned, I will—yes, you have that understanding with me.

Mr. LECOMPTE. Mr. Speaker, will the gentlemen yield?

Mr. BROOKS. I yield.

Mr. LECOMPTE. Is this bill retroactive to a previous date under the conference report?

Mr. BROOKS. You mean the pay?

Mr. LECOMPTE. Yes.

Mr. BROOKS. The provisions of this act provide that it shall be effective on the first day of the month in which this act is enacted.

Mr. KILDAY. If the Senate amendment is agreed to according to the conference report and if the bill is signed by the President in May it will become effective on May 1.

Mr. Speaker, I yield 2 minutes to the gentleman from Arizona [Mr. MURDOCK].

(Mr. MURDOCK asked and was given permission to proceed out of order.)

Mr. MURDOCK. Mr. Speaker, I listened to the last two speakers with great interest. I shall vote for this conference report and I hope it is adopted unanimously, and then later amended by the legislation indicated.

Mr. Speaker, I trust that because I did not speak on the rule day before yesterday, concerning the Puerto Rico Constitution, that no one will regard it as lack of interest on my part for this legislation. Expecting to take charge of the bill on the adoption of the rule, I was reserving my comment for the bill itself. While I expected some to criticize certain provisions of the proposed constitution, I did not, last Tuesday, nor do I today, expect that criticism will go so far as to block the adoption of this rule. I urge my colleagues to vote for this rule and give the friends of the new constitution an opportunity to present their case.

I want to repeat a statement that we have heard frequently in these latter days that the eyes of the whole world are upon Congress in our decisions and action upon this important matter.

Especially are the communistic nations watching in this case and more especially is the Latin-American world watching with intense concern what we do here today.

There has always been a vital interchange of governmental ideals between our great Republic and the republics to the south of us, from the Rio Grande to Cape Horn, and now this island gem in the tropical Atlantic, which we took from Spain a half century ago, will certainly be regarded by all Latin America as a test of our faith in democracy and a proving ground on this continent for our Jeffersonian professions. I beg you, gentlemen, to adopt the rule when it comes to a vote presently so that the constitution may be more adequately explained. Let it not be said that they asked for bread and we gave them a stone.

Mr. KILDAY. Mr. Speaker, I yield such time as he may desire to the gentleman from Florida [Mr. SIKES].

Mr. SIKES. Mr. Speaker, I am very glad to see this measure brought to the House for approval. I believe that it represents a sound approach to the need for an upward adjustment in pay for personnel in the Armed Forces.

Actually it appears that this measure, while costing hundreds of millions of dollars less annually, will be of greater benefit to the majority of personnel than the bill which was considered earlier this year in the House. Certainly it will be of greater benefit to men in the lower ranks who have a family to support. It does not, however, ignore any rank or grade, and obviously all of them need additional money to meet increasing costs of living.

This is the type of legislation which many of us have hoped to see enacted. It has my strong endorsement in all particulars excepting one. I am disappointed to note that no combat pay for ground troops is included. This is a major shortcoming and it is my earnest hope that prompt and conclusive action will be taken by the appropriate committee to bring legislation to the floor which will authorize combat pay.

(Mr. SIKES asked and was given permission to revise and extend his remarks.)

Mr. KILDAY. I yield such time as he may desire to the gentleman from Minnesota [Mr. JUDD].

(Mr. JUDD asked and was given permission to revise and extend his remarks.)

Mr. JUDD. Mr. Speaker, I voted against this bill for increasing basic pay rates and allotments for dependents of persons in the armed services when it was considered previously, partly because it was considered under suspension of the rules without adequate time for debate or opportunity for amendment; also because I thought the bill was not equitable and did not meet the more urgent needs of dependents. It gave a 10-percent increase clear across the board. But the greatest need is not for increased pay to officers and men; it is for better provision for their families. Uncle Sam pays directly the increased food costs for the men; their dependents

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OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued May 21, 1952

For actions of May 20, 1952

32nd-2nd, No. 86

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HIGHLIGHTS: House passed appropriation bills including items for foot-and-mouth disease laboratory and flood rehabilitation. House agreed to debate foreign-aid bill. House discussed import control, potato shortage, and farm-price decreases. Senate confirmed nomination of McGranery as Attorney General.

HOUSE

1. APPROPRIATIONS. Passed without amendment H. R. 7860, the urgent deficiency appropriation bill, 1952, which includes \$10,000,000 for a foot-and-mouth disease laboratory and continues for 6 months the availability of USDA flood-rehabilitation funds for SCS and PMA (pp. 5674-90).

Passed without amendment H. J. Res. 454, making emergency appropriations for 1952, which had been reported by the Appropriations Committee earlier in the day (H. Rept. 1956) (pp. 5691, 5669-74). The measure includes \$20,000,000 for USDA flood rehabilitation and \$35,000,000 for Army flood control. Rep. Rooney offered an amendment to insert the language of the Jensen amendment limiting the filling of vacancies, stating that he was doing so "as a gesture...to show how ridiculous it is..."; and the amendment was rejected (p. 5670). In reporting this proposed legislation, the committee included the following statement in its report regarding the USDA item:

"A total of \$20,000,000 has been requested for those phases of the work to be handled by the Department of Agriculture, \$14,500,000 for restoration of the productive capacity of farms and \$5,500,000 for repair and clearance of streams and waterways.

"The estimates presented for this purpose follow the pattern established last year for flood rehabilitation; i. e. appropriation of funds directly to those agencies of Government already established for the purpose. The committee feels that such a plan will insure the most effective results possible. For this reason and because of the urgent need to bring the land back into production to help meet this year's production requirements, the committee recommends the full budget estimate.

"The committee feels that the real cause of these serious floods is the

wasted and eroded watersheds above and behind the major rivers and streams. For this reason it is imperative that increased attention be given to the watershed programs of the Nation. In the committee's opinion, funds provided for flood prevention and soil conservation in the up-stream areas represent a far better investment in the future of this country than emergency rehabilitation appropriations of the nature presented in this bill.

"While the appropriation language does not carry a specific limitation for administrative expenses, the committee feels that not in excess of \$800,000 should be used for administration of that portion of the program under the Production and Marketing Administration."

2. FOREIGN AID. Agreed to a resolution providing for debate on H. R. 7005, to continue the foreign-aid program (p. 5690).
3. IMPORT CONTROL. Rep. Eberharter criticized Sec. 104 of the Defense Production Act; controlling imports of cheese, etc.; and Rep. Davis of Wis. and Rep. Andersen defended the provision (pp. 5653, 5655).
4. FARM PRICES. Rep. McCarthy claimed Republicans are happy because of lower farm prices, for political reasons (p. 5655).
5. POTATOES. Rep. Bender blamed OPS for the potato shortage, and Rep. Price discussed the matter with him (p. 5655).
6. AGRICULTURE CENSUS. The Post Office and Civil Service Committee voted to report (but did not actually report) H. R. 7202, to provide that a census of agriculture be taken in Oct. 1954 and the same month in each tenth year thereafter (p. D479).
7. PERSONNEL. The Post Office and Civil Service Committee voted to report (but did not actually report) H. R. 7641, to provide benefits for certain Federal employees of Japanese ancestry who lost certain rights with respect to grade, time in grade, and rate of compensation by reason of any policy or program of the Federal Government with respect to persons of Japanese ancestry during World War II; and H. R. 7806, to authorize the participation by certain employees, without loss of pay or deduction from annual leave, in funerals for deceased members of the Armed Forces returned to the U. S. from abroad for burial (p. D479).

SENATE

8. FORESTRY. Concurred in the House amendment to S. 1517, authorizing the Department to sell without advertisement national-forest timber in amounts not exceeding \$2,000 in appraised value (p. 5606). This bill will now be sent to the President.
9. NOMINATION. Confirmed the nomination of James P. McGranery to be Attorney General (pp. 5608-44).
Received the nomination of Allen V. Astin to be Director of the National Bureau of Standards (p. 5652).
10. AGRICULTURAL APPROPRIATION BILL. The Appropriations Subcommittee began marking up for reporting to the full committee the USDA appropriation bill for the fiscal year 1953 (p. D475).
11. CENSUS. The Post Office and Civil Service Committee ordered favorably reported (but did not actually report) with amendment S. 2903, to provide for an agriculture census in October 1954 and in the same month decennially thereafter (p. D477).

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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Electrification.....	19	Import control.....	6	Soil conservation....	4,28
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Fair employment practices..	16	Lobbying.....	3	Textiles.....	7
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Fertilizer.....	18	Personnel.....	2	Veterans' benefits.....	26
Flood control.....	4,20,27	Puerto Rico.....	24	Wildlife conservation...	5
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HIGHLIGHTS: House debated foreign-aid bill. House subcommittee approved Poage flood-prevention bill. Senate debated immigration bill. Senate committee ordered reported defense-production bill.

HOUSE

1. **FOREIGN AID.** Began debate on and read the first section of H. R. 7005, to amend the Mutual Security Act of 1951. Further action on this bill was deferred until Thursday when it will be considered under the five minute rule. (pp. 5735-37.)
2. **PERSONNEL.** The Post Office and Civil Service Committee reported without amendment H. R. 7641, to provide benefits to Federal employees of Japanese ancestry who lost rights with respect to grade, time in grade, and rate of compensation by reason of any Government policy or program during World War II (H. Rept. 1975) (p. 5795).
3. **LOBBYING.** A list of persons engaged in lobbying and reports on their activities for the first quarter of 1952 appears in the Congressional Record as required by law (pp. 5796-584).
4. **SOIL CONSERVATION; FLOOD PREVENTION.** A subcommittee approved for reporting to the Agriculture Committee H. R. 7868, to authorize the USDA to cooperate with States and local agencies in planning and carrying out soil conservation work for flood prevention (p. D483).
5. **WILDLIFE CONSERVATION.** The Interior and Insular Affairs subcommittee approved for reporting to the full committee H. R. 6285, to amend the Alaska game law relating to the use of license fees, insofar as practicable, for educational programs of wildlife conservation in the Territory (p. D484).
Rep. Andresen was appointed to membership on the Migratory Bird Conservation Commission to fill the vacancy created by the resignation of Rep. Brehm (p. 5734).

6. IMPORT CONTROLS; CHEESE. Extension of remarks by Rep. Eberharter claiming that Section 104 of the Defense Production Act, which restricts cheese imports, "makes no sense in terms of our major foreign-policy objectives" (p. 5734).
7. TEXTILES. Speech in the House by Rep. Lane claiming that the Fulbright amendment to the Defense Production Act would nullify the Walsh-Healy Public Contract Act, which authorizes the Labor Department to set labor, wage, and child-labor standards, and will increase unemployment in New England textile mills (p. 5788).
8. NEWSPRINT. Speech in the House by Rep. Philbin criticizing the Canadian Government for increasing the price of newsprint by \$10 per ton and urging Congress and the State Department to take steps to secure fairer prices (pp. 5793-4).

SENATE

9. IMMIGRATION. Continued debate on S. 2550, to revise the immigration and naturalization laws (pp. 5693-5722, 5728-9).
10. RECLAMATION. The Interior and Insular Affairs Committee reported without amendment S. 2610, providing that excess-land provisions of the Federal reclamation laws shall not apply to certain lands that will receive a supplemental or regulated water supply from the San Luis Valley project, Col. (p. 5723).
11. DEFENSE PRODUCTION. The Banking and Currency Committee reported with amendments S. 2594, amending and extending the Defense Production Act of 1950, as amended, and the Housing and Rent Act of 1947, as amended. The Committee adopted the Fulbright amendment modifying the Walsh-Healy Public Contracts Act. (p. D482.)
12. FOREIGN TRADE; FIGS. Sen. Cain inserted the Secretary's letter in rebuttal of the claim of Mr. Brockinridge, California Fig Institute, that he had disregarded and circumvented the intent of Congress in his decision on dried fig imports (pp. 5704-5).
13. NEWSPRINT. Sen. O'Connor praised OPS Director Ellis Arnall for protesting to the Canadian Government the \$10 per ton increase in newsprint (pp. 5724-5).
14. FARM ORGANIZATION. Sens. Hickenlooper and Tobey praised Allen B. Kline, president of the American Farm Bureau Federation (pp. 5727-8).

BILLS INTRODUCED

15. RECLAMATION. S. 3212, by Sen. Hunt (for himself and Sen. O'Mahoney), to approve a contract negotiated with the Midvale irrigation district and to authorize its execution; to Interior and Insular Affairs Committee (p. 5724).
16. FAIR EMPLOYMENT PRACTICES. H. R. 7932, by Rep. Roosevelt, to prohibit discrimination in employment because of race, color, religion, or national origin; to Education and Labor Committee (p. 5795).
17. TAXATION; EXPENDITURES. H. J. Res. 453, by Rep. Gwinn, proposing an amendment to the Constitution of the United States relative to the taxation and borrowing powers of the Congress; to Judiciary Committee (p. 5795).

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 80]

Andahl	Granger	O'Toole
Albert	Green	Patterson
Armstrong	Harden	Phillips
Bailey	Havener	Potter
Beckworth	Hays, Ohio	Poulson
Boykin	Herlong	Powell
Bramblett	Hoeben	Sabath
Brownson	Hoffman, Ill.	St. George
Buffett	Holifield	Scudder
Burton	Hunter	Secrest
Camp	Irving	Shelley
Canfield	Jackson, Calif.	Sheppard
Carlyle	Jarman	Sieminski
Celler	Javits	Steed
Chatham	Johnson	Stockman
Chudoff	Kennedy	Tackett
Cooley	Kerr	Taylor
Corbett	King, Calif.	Teague
Coudert	King, Pa.	Van Pelt
Cunningham	McConnell	Vinson
Dawson	McGrath	Welch
Deane	McKinnon	Werdel
D'Ewart	Mansfield	Wheeler
Dingell	Miller, Calif.	Wickersham
Doyle	Mitchell	Williams, Miss.
Durham	Morris	Wilson, Ind.
Engle	Moulder	
Gavin	Multer	

The SPEAKER. On this roll call 344 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE ON ARMED SERVICES

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services may have permission to sit during the session of the House today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

COMMITTEE ON PUBLIC WORKS

Mr. FALLON. Mr. Speaker, I ask unanimous consent that the Committee on Public Works be permitted to sit this afternoon during the session of the House during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

SPECIAL ORDERS GRANTED

Mr. LANE asked and was given permission to address the House for 10 minutes today, following any special orders heretofore entered.

Mr. JENSEN asked and was given permission to address the House for 30 minutes today, following any special orders heretofore entered.

Mr. PHILBIN asked and was given permission to address the House for 15 minutes today, following any special orders heretofore entered.

INAUGURATION OF THE PRESIDENT-ELECT OF THE UNITED STATES

The SPEAKER. Pursuant to the provisions of Senate Concurrent Resolution 69, Eighty-second Congress, the Chair appoints as members of the joint com-

mittee to make the necessary arrangements for the inauguration of the President-elect of the United States on the 20th day of January 1953, the following Members on the part of the House: Mr. RAYBURN, Mr. MCCORMACK, and Mr. MARTIN of Massachusetts.

MUTUAL SECURITY ACT OF 1952

Mr. RICHARDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 7005, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from South Carolina [Mr. RICHARDS] is entitled to recognition for 3 hours, and the gentleman from Ohio [Mr. VOYTS] is entitled to recognition for 3 hours.

Mr. RICHARDS. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, in these difficult and dangerous times when all our problems seem to be infinitely complex it is worth while to try to cut through these complexities and get down to simple fundamentals whenever we can. I, therefore, ask the Members of the House to consider with me some very simple, almost elementary, questions which we cannot and must not ignore as we determine how we shall act on this important legislation.

The first question we must ask ourselves is this: Is our security—our national survival—our way of life—and all the things we hold dear threatened today? I doubt that there is a single Member of the House who would not answer this question with a positive "yes."

The next question, equally simple and fundamental, is this: Do we meet this threat, or do we stand by supinely waiting for the blow to fall upon us? Obviously, no red-blooded American can hesitate for a moment in giving his answer to this question. It is not in our tradition to turn tail and run when we are threatened. It is needless to point out to you that the actions of the Congress itself since 1948 in appropriating to our own defense establishment the staggering sum of \$136,363,000,000 prove beyond any question that we have recognized the mortal threat to our national security and decided to meet it head on.

The third question is: Do we realize that this fight for freedom, if successful, must be waged on all the fronts of the world, and that we need armed friends by our side? The answer by the Congress has been unmistakably "yes." How otherwise do you interpret the passage of the Marshall plan in 1948 by a Republican Congress, and the subsequent overwhelming bipartisan support for many billions of dollars in annual appro-

priations for building up the strength of our allies? If what I am saying is not true, why did we plan and carry through the North Atlantic Treaty, band together with the nations of Western Europe, pledge ourselves to regard an attack on any one of them as an attack on ourselves, and vote more billions each year to help them build up their military strength to resist aggression? Why did the Senate approve the North Atlantic Treaty with only a handful of dissenting votes? Why are we sacrificing the precious lives of our boys in Korea and spending billions of dollars fighting Soviet aggression over there if there is no threat? There has been and there is a mortal threat and we have recognized it and decided, true to our traditions, to meet it here and abroad and not bow down before it. Through this fiscal year, including past appropriations for the Marshall plan, China aid, and the Mutual Defense Assistance Program, we have made available for the purpose of promoting our defense through strengthening our allies a total of \$26,000,000,000. If there has been no danger, why have we done all this? If that danger still persists, the only question is: Are we going to quit now? I have no doubt as to the answer of the Congress and the American people.

With these fundamentals agreed on, the decision before us can be stated simply and clearly. That decision is what is the best way to continue to meet the threat adequately and at the least cost in American men and money.

There may be some here still who honestly feel that we should retire within the boundaries of the United States and build up a fortress here instead of using the resources and manpower of other like-minded people in the world who are ready and eager to join us in the struggle for peace and freedom. That is pure defeatism, for without allies we could not have any real security. In addition, if we could have security that way, it would cost a lot more. If all the resources and manpower of the rest of the world were organized against us, we would be forced to read the handwriting on the wall. Without the essential raw materials which we must have from other areas of the world, it would be impossible, with any amount of money, for us to build an adequate defense.

In this era of advanced technology, no single area of the world can hope to be self-sufficient in producing defensive equipment, or even many of the essential components of our civilian economy.

Electronic equipment, jet engines, radar, as well as the older and more conventional types of military items, together with a vast range of items for civilian consumption, require materials which we must obtain from many different parts of the world.

A thought-provoking report by General Collins, Chief of Staff of the United States Army, shows that each new medium tank requires 1,915 pounds of chromium, of which 99 percent is imported; 950 pounds of manganese, of which 92 percent is imported; 520 pounds of nickel, of which 92 percent is imported; 100 pounds of tin, of which 78 percent is

imported; 6,512 pounds of bauxite, of which 65 percent is imported; 1,484 pounds of copper, of which 29 percent is imported.

Actually, the degree of our dependency on outside sources for essential materials is even more serious than indicated by General Collins' report. The General based his figures on utilization of scrap materials, presently available here, but which originally had to be imported and still must be.

For example, we must import 99 percent instead of 92 percent of the nickel to make a tank, 42 percent instead of 29 percent of copper, and 100 percent of the tin instead of 78 percent. We produce absolutely no tin in the United States. We are completely dependent for our supply of this most essential metal upon sources in Malaya and Africa, with a part of our requirements available in South America.

I think most of our thinking people fully realize the gravity of our situation. They know that we must meet this threat now, at home and abroad. It is not just a coincidence that, so far, every candidate for the Presidency this year has endorsed the principle of foreign aid and mutual security. Even Mr. TAFT has said that the Mutual Security Program must not be killed and abandoned. Even when he says he wants to cut it substantially below the figure proposed by the Foreign Affairs Committee of this House, he quickly explains that he is sure it will not ruin the program. He would not propose it, he says, if he thought it would ruin the program.

Let's see where we stand then on these basic questions I have asked.

We all agree that there is a threat and a continuing threat to our national survival.

We all agree that we are going to meet this threat.

We agree, at least the overwhelming majority of us, that we are going to meet it with a "Mutual Security Program" and not with a "fortress America program."

The question we should concentrate on, therefore, is what kind of a Mutual Security Program we want. Let us not waste time talking about whether we want one or not.

I think we can all agree also that it would be useless and a waste of money to have an inadequate program.

I think we can also agree on the fact that we want our program to cost as little as possible, both in men and money, and still remain adequate.

The Foreign Affairs Committee has spent about 2 months of intensive work on trying to determine what will be an adequate mutual security program and how best to achieve the maximum results with the least cost. The committee, after this careful examination, determined that the greatest amount that could safely be cut from the administration request was about \$1,000,000,000. I know there are Members of this House who propose to cut much more deeply than this. I say to you that I would not wish to take the responsibility of going beyond this figure because that responsibility involves the national survival of our country.

With all my deep concern for the financial position of this country and realizing as I do that if the United States is bankrupted the cause of freedom in the world will be lost, I know that the cause of economy never has had and never will have a greater appeal to the citizens of this country than the cause of national defense and national survival.

I say to you flatly that the man in this House who votes to cut deeply the amount brought before you by the Foreign Affairs Committee, whatever may be his reasons or his motives, is voting to leave a gap in our security defense line.

He may be voting to throw away the one best chance of avoiding World War III, because only as we are collectively strong can we be confident that Soviet imperialism will not attack us.

He is voting to weaken, and possibly to destroy, the North Atlantic Treaty Alliance.

He is voting to take the risk of turning over to Russia the second-largest workshop of the world. This workshop next year will raise and support about 4,000,000 soldiers and produce \$3,500,000,000 worth of weapons.

He is voting to increase the cost of our own defense manyfold because if Western Europe were lost, we would need a huge increase in our own Army, Navy, and Air Force to have any chance of meeting Russia on equal terms if trouble should start. He is, therefore, not really voting for economy but, unless he is satisfied to leave us much more defenseless, he is voting for greatly increased expenditures.

He is voting to place more of our young men than necessary in the front line of defense against the threatened aggression of Russia because he is voting to take out of that front line the strong and stanch allies who would fight with us in case of trouble.

He is voting to take the risk that, if World War III comes, the fighting would take place right in our own country instead of many thousands of miles away.

I have enough confidence in the common sense of the American people to know that they will not approve action by this House which will have the effect of breaking down our defenses at home or abroad.

First, let us see what progress has been made by our associates in the military field. Let us cast our minds back to the situation in 1948, when the Marshall plan was launched, or even as recently as mid-1950 when the Communists attacked in Korea. You will remember that then there was literally almost nothing to stop the Red armies if they had marched across Europe. Even our atomic power, the one great military resource of the free world, was hampered by lack of bases. Since that time new divisions have been raised, trained, and equipped, and have taken up positions alongside our own in threatened areas of Europe. Conscription periods in Europe have been lengthened, military budgets more than doubled, military production increased. As a result there is now a substantial force in being. As General Gruenther

said, in contrast with a year ago, "we are now dealing with actual forces and not planned forces alone." In addition, our strategic air power, which remains so important an element in the military balance, has acquired a much more satisfactory system of bases through the help and cooperation of the allies whose military strength we are helping to build through this program. Where once there were only scattered, ineffectual national forces, there is now integrated command. It seems to me that only the most stubborn defeatist could fail to be immensely encouraged by the increase and improvement in allied military strength over two short years.

Active forces which stood at 1,407,000 in January 1950 reached the figure of 1,880,000 in January 1952. The figures for January 1953 are classified for obvious reasons, but I can say they represent a very substantial increase over this year's active forces. I should emphasize also that these figures are for active forces. Additional reserves readily mobilizable have also increased greatly over the past 2 years. The amount of increase in this category is also classified. The period of compulsory military service has been increased on the average by 6 months. Defense budgets have been raised from about 6 billion in 1950 to approximately 11½ billion in 1952 and an estimated 14 billion in 1953.

Before going into the details of the bill before you, may I call to your attention some good work done by the Foreign Affairs Committee and the Congress last year.

The Congress wrote into the Mutual Security Act of 1951 provision for bringing the defense program under the unified direction and supervision of a single person in the Executive Office of the President. The Director for Mutual Security was given two jobs: First, to coordinate and supervise the work of the Departments of State and Defense and the Mutual Security Agency on the Mutual Security Program; and, second, to head one of those agencies—the Mutual Security Agency.

Mr. Averell Harriman was appointed Director for Mutual Security. Mr. Theodore Tannenwald, Jr., Assistant Director and Chief of Staff, is Mr. Harriman's principal assistant in the job of directing and supervising the Mutual Security Program as a whole, and acts for him when he is absent. Mr. John W. Kenney serves as Deputy Director for Mutual Security and is in active charge, under Mr. Harriman of the Mutual Security Agency.

Three principal people work with Mr. Harriman and Mr. Tannenwald in the over-all coordinating job, Mr. Lincoln Gordon, Mr. John H. Ohly and Mr. Richard N. Johnson. Mr. Tannenwald and the Director's coordinating staff have no more and no less to do with the Mutual Security Agency than they do with the Department of State and the Department of Defense. Their job is to help the Director be sure that the assistance programs are developed and carried out so as to be mutually support-

ing, consistent both with each other and with national objectives.

Actual operations are decentralized, with the Director supervising and directing the over-all program. Actual operations of the military assistance program are carried out by the Department of Defense, where the military end-items are bought and shipped. Likewise, the point 4 program of the Technical Cooperation Administration is developed and carried out in the State Department.

Mr. C. Tyler Wood is the Associate Deputy Director. Before Mr. Kenney's appointment he was in interim charge of MSA and is now on special duty, coordinating and presenting the programs to the Congress.

Ambassador William H. Draper, Jr., has been appointed special representative in Europe and is responsible for the program in Europe. He is also the United States permanent representative on the North Atlantic Treaty Council. In these two jobs he represents Secretary Acheson, Secretary Lovett, and Mr. Harriman on Mutual Security Program and NATO matters.

SUMMARY OF CHANGES IN BILL MADE BY COMMITTEE

Now we come to the bill before us. The thorough study of H. R. 7005 made by the committee is reflected in the more than 20 amendments made in the text of the bill as reported. To simplify consideration, the committee amendments were consolidated into one new text, so I wish to enumerate the principal ones for the information of the House. They are:

Section 2: Adopted Senate language of section 2 which authorizes assistance to three designated organizations for unifying Europe rather than to any such organization as provided in H. R. 7005 as introduced.

Section 3: Amended Mutual Security Act to mention Spain by name as eligible to receive assistance—was eligible previously.

Cut military authorization by 20 percent from \$4,145,000,000 to \$3,316,000,000 and authorized carry-over of unobligated rather than unexpended funds. This latter change was made in all authorizations of funds.

Cut defense support 10 percent from \$1,819,200,000 to \$1,637,300,000.

Retained the authority to transfer 10 percent within title I rather than the 5 percent proposed in H. R. 7005.

Earmarked not less than \$25,000,000 for Spain.

Section 4: No alteration of amounts in title II—Near East and Africa—but adopted the Senate form of authorization by specifying the funds for Arab refugees and for refugees coming to Israel and for technical assistance in that area.

Section 5: Struck out exemption of title III funds from section 503 of MSA. This means that TCA will have to take over from MSA the programs in Burma and Indonesia.

Section 6: Redesignated area as American Republics and non-self-governing territories of the Western Hemisphere.

Section 7: Provided that no part of the United States contribution to the

Provisional Intergovernmental Committee for the Movement of Migrants from Europe could be used to pay salary or expenses of the Director General of such committee if a former employee of UNRRA or IRO.

MSA Act amended to authorize distribution of 50 supergrades already provided among all departments and agencies covered in the program. Some of these may be assigned to point 4, State and Defense.

Required a 10-percent reduction—based on January 1, 1952, personnel—of personnel other than blue-collar workers and technical consultants.

Director for Mutual Security required to reduce reporting requirements.

Authorized the transfer of not more than \$1,000,000,000 of military items from United States defense program to foreign nations in addition to equipment authorized by this bill.

Required that no less than \$1,000,000,000 be earmarked exclusively for off-shore procurement.

Authorized total expenditure of not more than \$100,000,000, not more than \$20,000,000 to any country, without conditions as to eligibility. This would permit giving limited assistance to nations which we wish to help but which may be afraid to enter into agreements with us.

Authorized Director for Mutual Security to develop strategic materials in world deficiency for countries receiving United States assistance.

The Director for Mutual Security required to take suitable and appropriate steps to assure effective use by recipient countries of their own resources for mutual security.

Provided up to \$100,000,000 of counterpart to encourage free enterprise.

Permitted up to \$100,000,000 of military production and economic and technical assistance funds to be used for subscribing to capital of an International Finance Corporation.

Investment and informational media guaranties continued after June 30, 1952, to all areas where United States assistance is granted.

Required Mutual Security Agency to develop broad criteria for guaranties and to conduct study of impediments to private investment abroad; Department of State required to accelerate commercial and tax-treaty program; Technical Cooperation Administration required to encourage and facilitate greater participation by industrial groups in point 4 programs and to bring investment opportunities in underdeveloped areas to attention of private enterprise.

Section 9: Required counterpart funds used for loans by recipient countries to be redeposited in counterpart special account when loans are repaid so as to give the United States continuing participation in their administration.

Assured that total counterpart fund be available for strategic materials without regard to 5-percent limitation.

Section 11: Authorized \$12,000,000 for UNICEF for period ending December 31, 1953, on condition that United States contribution not exceed one-third of contribution from all governments. None of the activities for which these

funds are authorized shall duplicate any of the activities of other U. N. agencies.

UNOBLIGATED AND UNEXPENDED BALANCES

A great deal will be said around here today about unobligated and unexpended balances. Let us get the record straight.

As amended by the committee, the bill authorizes a total of \$6,901,100,000 in new funds. This is a reduction of \$998,900,000 from the \$7,900,000,000 requested by the Executive for the fiscal 1953 requirements of the Mutual Security Program.

There has been some misunderstanding about the exact fiscal status of the program. This is only natural in view of its complexity and size. The simplest and most accurate view can be obtained by looking at the entire picture. Like the separate parts of a jigsaw puzzle, the picture clears when the sections are put together.

Starting with the Marshall plan funds and the subsequent related acts from the Eightieth Congress to the present, cumulative funds made available through fiscal 1952 are \$26,063,400,000. Of that total, \$11,802,400,000 is for strictly military aid and \$14,098,500,000 for economic.

On March 31, 1952, cumulative expenditures amounted to \$14,700,700,000. At the present rate of expenditure, it is estimated that this will increase to \$17,118,300,000 by June 30, 1952. This would leave an unexpended balance of \$8,945,100,000 at the end of the current fiscal year.

This has led to much confusion in public statements on the subject and the suggestion has been made that with \$8,945,100,000 of unspent funds on hand it would be unnecessary to authorize additional funds for fiscal 1953. However, within a few more weeks, by June 30, all of these unspent funds will have been obligated except for approximately \$400,000,000. Obligated funds remain available to meet contract payments for an additional 2 years without further congressional authorization.

As reported by the committee, H. R. 7005 authorizes \$6,901,100,000 in new funds, plus a carry-over of unobligated balances estimated at \$406,800,000, making an over-all total of \$7,307,900,000 available for obligation, of which \$4,952,800,000 is for military purposes, \$2,305,100,000 for defense support, economic and technical assistance, and \$50,000,000 for Spain.

Without these funds there would be no money available with which to place orders after June 30. The funds authorized in H. R. 7005 are required as a basis for contracts to be signed between July 1, 1952, and June 30, 1953. It is necessary to bear in mind that before the Defense Department can make a contract for production of tanks, for example, funds must have previously been appropriated for that purpose.

It may take from 11 months to 2 years to manufacture the tanks. By law, money to pay for them must be available when the contract is signed, even though payment is not made until their delivery over a year later. This time lag can run 2 years or more for aircraft down to 3 months for small arms. This is a complicated process, but it is standard Government procedure and it does not mean that the United States tax-

payer pays taxes, the proceeds of which then lie idle in the Treasury. Money appropriated but not spent in the same fiscal year does not add to the deficit of that fiscal year. It is provided through the Treasury only as needed to make payments when the tanks, aircraft, and so on are completed and delivered.

Reduced to its simplest terms, the issue becomes one of "Do we want to allow the Defense Department and the Mutual Security Agency to continue to contract for defense items, economic and technical assistance, or do we want a hiatus in the program?" A delay in appropriating can only mean a consequent delay in delivery of military items. Although we will have \$8,900,000,000 unexpended by June 30, practically all of it is already in the pipeline and in the process of being converted from money into military end items and defense support. If we delayed appropriating, we would simply be retarding the conversion process which is changing dollars into tanks, aircraft, machine guns, and other items for our mutual security.

At the end of March there was an unexpended balance of \$9,228,600,000 of military funds. A lot of people have gotten an idea that this fact has some connection with the amount of money needed for next year.

In the first place, this unexpended balance should not be thought of as money lying idle. It is really tanks, airplanes, guns, and so forth, in process of production. There are at present over 4,000 tanks worth \$2,900,000,000 being completed in United States factories which are to be shipped as part of the fiscal 1952 program. There are today approximately 3,000 jet fighters which cost a total of \$2,300,000,000 being completed in our factories which are included in the 1952 program. There are \$600,000,000 worth of mine sweepers being completed in shipyards which are to be paid for out of these unexpended funds.

This makes a total of \$5,800,000,000 of these unexpended funds which are represented by tanks, planes, and mine sweepers alone which are in process. The remainder is represented by such things as artillery pieces and fire-control equipment which take months to complete.

Unexpended balances are primarily military end-items in the course of completion. They do not represent money waiting to be used.

On January 1, 1952, the strength of active and quickly mobilizable world-wide forces of our Western European allies was 5,250,000 men. This is an increase of about 1,500,000 men in 2 years.

The committed NATO combat-ready and reserve ground divisions in Western Europe by December 1952 will be 50 divisions.

Committed front-line NATO combat aircraft in Western Europe by December 1952 will approximate 4,000 aircraft.

Combat vessels—of which approximately one-half are major types—committed to NATO by December 1952 will number over 1,600.

In addition, there are today forces numbering over 1,000,000 men under arms in the eastern Mediterranean and

Adriatic areas protecting the southern flank; they include over 50 strong divisions, 800 aircraft, and over 100 ships and vessels.

As General Olmstead testified before our committee:

I might add that in terms of Europe, in fact, all of our partner nations, because of the more austere conditions to which they are experienced, the greater simplicity of their missions as compared to the possible missions of United States forces that might have to be committed on short notice in any part of the world, in any climate, our tables of organization and equipment for our partners are more austere than our own.

I will say that regarding those which are planned for commitment alongside our own forces, it would be almost tragic economy if we equipped them on a less effective scale from a fire-power standpoint.

These forces of our allies need to be made strong. Each division must have tanks, anti-aircraft weapons, and artillery. There must be jet fighters to withstand a Soviet attack. The equipment of some forces already in being has to be completed. The division just being organized must receive all of their arms and equipment by the end of this year if the 50 divisions we are counting on are to be ready.

The unexpended balances really represent to a large extent the fire power which the NATO forces will have and must have if they are to carry out their mission.

WHAT IS MEANT BY "OBLIGATION"

When we speak of "obligations" in reference to the military side of this program, we mean only one thing—contracts. An obligation is a contract. As Assistant Secretary of Defense McNeil stated to our committee:

We do not record anything as an obligation until it is a firm deal. Any preliminary discussions, any requests for submissions of proposals, are not recorded as obligations (hearings, p. 419).

A contract may be in the form initially of a letter of intent, which is accepted by the contractor. It will provide for payments being made as the contractor gets under way to accumulate inventories.

Mr. McNeil had this to say about the validity of a letter of intent:

A contract may be half delivered under the letter of intent, because in the making up of the definitive contract you will find the attorneys will be discussing some labor clause or the wording and punctuation of an escalator clause, or in the specifications there may be some discussion as to whether the wing tank will go 14 inches from the left spar or 13 inches. All those things will hold up the final execution of the definitive contract.

But in the meantime there exists a firm deal, a binding contract. It just is not explicit in various minute details. An accepted letter of intent has exactly the same force and effect as a contract except for the detailed specifications (hearings, p. 421).

When we talk about obligations in defense support, the situation is different. Funds are obligated for defense support and for economic aid when the Mutual Security Agency issues a procurement authorization. This is not, however, a contract. The Mutual Security Agency does not buy commodities. Transactions financed with Mutual Security

Agency funds are normally handled through ordinary commercial channels. The foreign firm negotiates a contract with a United States supplier after a procurement authorization has been issued. This is really an authorization to sign a contract. There is always a lag between giving the procurement authorization and the signing of a contract. This is necessary if you are going to have commercial dealings rather than Government buying.

DEFENSE SUPPORT

Mr. Chairman, I anticipate that the strongest attack coming from those who want to make meat-ax cuts in the proposed authorization will be made against the so-called defense support items, and I unhesitatingly say that to cut this part of the bill further would be a tragic mistake.

The bill as originally introduced provided \$1,819,200,000 for defense support. The committee cut this sum to \$1,637,300,000, or 10 percent.

Let us take a look at what defense support money would do toward rearming Europe:

Defense support is a sound investment because it yields many times its own cost in direct additions to NATO's military strength and therefore to our own security. Defense support has a multiplier effect on European production and therefore on the size of the defense program which Europe can support. This multiplier comes about because we supply under defense support only a small fraction of the raw materials and machine tools which go into Europe's workshop. Since the European countries add their own labor, factories, equipment, and materials, the value of the completed production is several times the cost of the defense support we provide. To take one example, \$100,000 of American machine tools financed with defense support have enabled the Copenhagen Ammunition Arsenal in Denmark to increase its yearly output of .30 caliber and other ammunition by \$460,000.

The defense support requested by the administration for the Lisbon plan countries of NATO, including Germany, amounts to \$1,400,000,000. Through its impact on the European economy it will make possible a \$1,600,000,000 increase in Europe's expenditures for the production of military hardware alone. This will mean more aircraft guns, jeeps, and destroyers produced in Europe for the European armies. So defense support more than pays for itself just in terms of the additional military production of hard goods which it makes possible. But defense support also results in higher European defense spending for the mobilization and training of troops and for the construction of airfields, barracks, and communication systems. These are especially important parts of the European defense program. Europe must provide the largest share of the ground troops, and all of the airfields, installations, and lines of communication for the Allied forces under General Ridgway's command. Almost half of Europe's defense budgets must go for the pay and training of its military forces. All these things are just as necessary as guns and ammunition if you are to have armies in

being which can go into action when needed. Taking into account the additional spending in these areas, the European defense program will be raised in total by the equivalent of \$3,333,000,000 as a result of our defense support. This means that each dollar of defense support contributes almost \$2.50 to the European defense effort. But even this is not the end of the story as to how dollars for defense support multiply into effective men available to fight if trouble breaks out. Money spent building up forces goes much further in Europe than it does in the United States. European costs for the pay, clothing, and subsistence of its military personnel are about one-quarter of the comparable costs for American personnel. Maintenance and training costs are also substantially lower for European units. In military terms, this \$3,333,000,000 of higher defense budgets made possible by our defense support represents the cost of 10 European divisions with that half of their equipment which is produced in Europe, plus 750 aircraft, 40 minesweepers, and 30 destroyer escorts. If the United States were to replace with our own forces and equipment the European forces and equipment only made possible by defense support, it would cost us about five times the amount of that defense support. Thus we are getting about a 5 for 1 return for our defense-support dollars.

The importance of the defense support side of the program is graphically shown by briefly analyzing the loss to our joint defense effort if we were to eliminate it. The \$1,400,000,000 provided for eight European NATO countries and Germany in defense support would reduce their production capacity to the point that their own planned expenditures of \$13,900,000,000 would have to be cut by \$3,300,000,000 to \$10,600,000,000.

It has been self-evident from the beginning that Western Europe can be defended only if our partners in the mutual security program make a maximum effort in terms of their own resources. We can only supply a part of the materials. We cannot ourselves build the European defense structure. Defense support, as provided in the present bill, will enable the Europeans to contribute more themselves at less cost to us. The vital importance of the defense support part of the program was stressed by General Gruenther when testifying before the Foreign Affairs Committee.

In reply to a question by the gentleman from Missouri [Mr. CARNAHAN] the General said:

I think * * * that the economic support and the military support are inseparable. I think from our own self-interest, and I am again not talking about money value because I do not know about that, it is wise to facilitate in every possible way the bolstering of these economies. To give you a specific illustration: The industrial establishments of these countries have received such a blow as a result of the war that to produce some of these items themselves is absolutely impossible. We feel they should be producing them, but the question of raw materials, the question of machine tools, represents, to mention only two items, a very, very difficult problems for them from an economic standpoint.

I have spent much time on the European part of the Mutual Security Program because it is that part that involves the largest authorization of money. But it is, in the long run, hardly more important than those parts of the program that provide far smaller amounts of money for countries in the underdeveloped areas of the world. For some of those countries, the program would provide armaments; substantial quantities in Indochina and Formosa where the face of aggression is near and ominous, smaller amounts in a few other countries. But in most of the underdeveloped countries the principal objective is and must be to maintain the new found spirit of freedom and independence and to bring the peoples of those countries to a recognition that the west is the custodian and defender of these ideals.

This is the heart and purpose of the technical aid program. This concept was examined, considered, and worked over with great thoroughness by the Congress, and particularly by this House. It was enacted into law in 1950. The first appropriation was on the modest scale befitting a slow and long-term enterprise. But here again subsequent acts of Communist aggression have indicated that the point 4 type of program must also be made more immediately and largely effective. Its purpose, its ultimate objective, remain the same, but the goal of strengthening the will, spirit, and stability of these areas must in the present state of the world be reached at an earlier date. Hence these parts of the program are somewhat larger than they have been in prior years.

I should emphasize, however, that they are still small in relation to those parts of the program that deal directly with rearmament, and I should emphasize also that these relatively minor expenditures, if resolutely carried forward, will maintain the stability and strength of these areas so that the vastly more expensive burden of rearmament for their direct defense can, we hope, be avoided.

The members of the Foreign Affairs Committee recognize as well as any in this House the problems of our increasing debt and the dangers of an unbalanced budget. The committee has reduced the amount of this bill by just under a billion dollars. It is our view that this reduction brings the program down to the very limit of tolerable risk. We dare not recommend a deeper cut. This mutual security program is an insurance policy for the safety and security of our country. When times have been hard, many of us in our own private life have foregone expenditures we would otherwise like to have made, and have indeed borrowed money, in order to meet premiums on policies of personal insurance that we had taken out to protect our families. I regard this mutual security program in precisely that light. This House faces a hard choice between adding heavier burdens to an already heavily laden economy on the one hand and, on the other, risking the national security by making it impossible to build up the defenses of the free world. This bill, onerous though it is, is a necessary

insurance premium to guarantee as far as we can that our children and our children's children may live in a free world.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. In the beginning the gentleman asked a question as to whether our institutions in this country were in danger and he supplied a partial answer. But President Truman has said that budget cutters were aiding Stalin, and I think he included the gentleman in that general category. I wonder if the gentleman and his committee have given thought to the fact that an economic collapse can ruin the country just as much as a military defeat. I think our institutions are in danger, but how much longer can the taxpayers carry the burden of the world? Have you given any serious consideration to that matter and have you found an answer as to whether our institutions might be in danger, not from Stalin, but from an economic collapse in this country?

Mr. RICHARDS. I think any member of the committee or any Member of this Congress who has not given serious consideration to that has no business being here. I want to make this flat-footed statement to the Congress of the United States: What the world has to depend on more than anything else today is a solvent United States. When the majority of this committee reported the pending bill, we had to calculate and weigh the risk we were taking if we did not do this thing. We had to consider the danger of the United States being required to spend many billions more later on if we failed to make adequate provisions now.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. RICHARDS. Mr. Chairman, I yield myself 10 additional minutes.

Mr. Chairman, we had to take all those things into consideration.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Mississippi.

Mr. COLMER. In reference to the question propounded by the distinguished Member from Nebraska, and I agree with the gentleman from Nebraska; his question is most practical and fundamental. But without regard to the merits of the immediate situation that we are faced with to which the gentleman from South Carolina is addressing himself, in order to keep the record straight I would like to point out to my friend from Nebraska and others who might be interested that the gentleman from South Carolina who is now addressing us is and has been a part of the so-called economy group in this House that has been trying to reduce these expenditures. He is responsible more than anyone else for the billion cut that has already been made in committee on this bill.

I repeat, regardless of one's contentions about the merits of the proposal about which the gentleman is addressing us, he is and has been one of the

strongest advocates and practitioners of economy generally. He is motivated here as elsewhere by the highest motives, and by what he thinks is for the best interests of his country.

Mr. RICHARDS. I appreciate the gentleman's remarks and, of course, I appreciate the anxiety of the gentleman from Nebraska concerning the matters he is talking about.

Now if you will let me say just a word about that. To my mind the two greatest dangers confronting the United States today are insolvency and the possibility of going to sleep in our battle against communism. To my mind the real issue is whether or not we are going to pay an insurance premium today to protect our children and our grandchildren.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Minnesota.

Mr. JUDD. Is it not true that our committee came to the House with this amount in the bill only because the majority believed that any other course would cost the United States more in the long run, and that if we cut further on this, which would weaken our allies, it would cost us more money, not less? Was it not because we believed this authorization would in the long run save us money which would otherwise have to be spent on our own defense, that reluctantly the majority of the committee came in with this.

Mr. RICHARDS. The gentleman has said it. He has answered the question of the gentleman from Nebraska better than I could.

If I did not believe that the expenditure of these funds as we have cut them down by a billion dollars—and we may have gone a little too far—if I did not believe in the long run it would save money for the United States and save the lives of United States men, I would not be here today advocating it.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. MILLER of Nebraska. I want to correct any impression that the gentleman is playing into the hands of Stalin when he cuts a billion dollars off this bill. I do not agree with the State Department and the Chief Executive that the gentleman should be so spoken of. I would have gone along with another cut, of perhaps another billion dollars. But the gentleman is carrying that label all over the world now, and I think it is a label the gentleman should not wear.

Mr. RICHARDS. I do not know what kind of label I may carry all over the world. I am trying to do my duty here. I want to say this, that so far as that billion dollar cut is concerned, we were obligated to make that cut in defense of the taxpayers of the United States if we could do it.

Mr. MILLER of Nebraska. I do believe there is room for more of a cut.

Mr. RICHARDS. That is up to the House. There are some men here who believe further reductions should be made in this bill. There are some men

here who honestly believe we should not appropriate anything. I respect their views, even though I cannot agree with them. All I am trying to assure the gentleman from Nebraska is that I am honest in my own conclusions.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Illinois.

Mr. ARENDS. May I ask the gentleman from South Carolina if I correctly understood him to say that \$26,000,000,000 has been appropriated since 1948, the beginning of the Marshall plan?

Mr. RICHARDS. That is right.

Mr. ARENDS. Was that inclusive of this six and nine-tenths billions or outside of that?

Mr. RICHARDS. Outside of that.

Mr. ARENDS. That would make approximately \$33,000,000,000 altogether, then?

Mr. RICHARDS. That is right.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. CURTIS of Missouri. I want to ask the gentleman two questions. First, I am trying to learn what detailed study the committee made in the estimates in the suggested budget adopted at the Lisbon conference, because I understand the amount you are asking for now is really to implement the United States share, something like three and eight-tenths billions. I am particularly interested in what study might have been made of the details, because part of our problem has been the unrealistic scheduling that the proponents of these vast appropriations have proposed to us.

Mr. RICHARDS. We did go into the detailed scheduling of this very exhaustively. Most of the military end of it is classified. Frankly, I asked the Defense Department to declassify as much of this as it could. But military end items compose most of title I, and the greater part of the bill involves classified information.

Mr. CURTIS of Missouri. I was not asking for that information here. My question was how much detailed study the committee had made. I will tell you why I ask that question. For example, on page 45, last year we appropriated \$38,000,000 for South America, and the committee very rightly asked the question as to why those funds were still unobligated as of January 31, 1952, and we have this very interesting statement from the Assistant Secretary of State, Mr. Miller:

We had to wait for the Joint Chiefs of Staff to draw up the plans under the appropriation for the best use of the appropriation.

In other words, they get the money and then figure out what they are going to do with it next. Is that the situation we have on this Lisbon matter?

Mr. RIBICOFF. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. RIBICOFF. Is it not true that we had to wait upon the making of bilateral agreements between the United States and South American countries before these funds could be obligated, and therefore since the act required

these agreements with various nations, the executive branch of the Government could not enter into these agreements with these South American countries.

Mr. RICHARDS. That is correct.

Mrs. KELLY of New York. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mrs. KELLY of New York. I believe the gentleman made the statement that there would be \$400,000,000 in unexpended balances in June, did I correctly understand the gentleman to say unexpended balances? I am sure he meant to say unobligated balances.

Mr. RICHARDS. I meant to say unobligated balance, and I thank the gentlewomen for calling that to my attention.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. SMITH of Virginia. I wonder if the gentleman would take about 5 minutes to go into the question that you have not touched on yet, and that is this question of economic aid and what is known as technical assistance, which seems to be spread out pretty well all over the world. There are some of us who are disturbed by the wide spread of this aid to practically every country in the world, and every continent on the face of the earth. Frankly, I am one who would like to be convinced on that subject and have not been. I am very sympathetic toward the program. I was rather disappointed when I found that all the cuts in the estimates that had been made came out of Europe, where it seems to me is the hub of our trouble. But these other things, technical aid, and so forth, scattered all over the world, have not suffered any of the cuts. I am just asking the gentleman if he will not go into that subject a little further.

Mr. RICHARDS. I would like to say a little about that. There is almost \$5,000,000,000 in title I. That is for Europe. Out of that there is \$1,637,300,000 for economic support. We call it defense support. There is no doubt about its being economic aid. There are pages and pages of testimony in the hearings to show what that goes for, end items, such as dynamos, and materials that will go into military plants to enable them to increase their defense production. I remember one instance particularly, where \$100,000 in defense support for Denmark resulted in an ammunition production increase of almost a half million dollars a year.

If the gentleman wants me to read to the House, I have detailed breakdowns of what each country gets under the program in the way of defense support, economic and technical assistance, point 4, and so on.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield further?

Mr. RICHARDS. I yield.

Mr. SMITH of Virginia. I was just trying to seek the reason behind these contributions of economic aid—or point 4 aid, as you choose to call it—in this widespread area. To be a little more specific, I see here that we are going to contribute to India \$115,000,000; to Pak-

istan, \$65,000,000; to Israel, \$79,000,000. I wonder in what respect they are contributing to our defense and to the defense of the democratic world. I do not mean to pick on those countries; I just took them because they were the larger items. What is the reason behind it from the standpoint of defense of democracy? The whole business back of my question is the same question of how long and how far we can go in trying to support the economy of the whole world, and please do not regard it as an unfriendly question; I am asking for information.

Mr. RICHARDS. I have great admiration and respect for the gentleman from Virginia; I know how hard he has fought the battle of economy on this floor, but may I say to him that there are some parts of the world where we may invest wisely and moderately in programs promoting self-help. Some have felt that Europe is the main theater in the world conflict against communism. That may be true, but the battle line is drawn out all around the world.

Mr. RIBICOFF. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. RIBICOFF. Is there not also a very, very practical consideration here? The United States having the productive capacity it has, yet is dependent for some of its most vital needs on these so-called backward areas that we are aiding. For the benefit of the gentleman from Virginia, I think it should be pointed out that the United States depends for 100 percent of its natural rubber supply on these areas; 100 percent of its tin supply; 100 percent of its chromite; 100 percent of its graphite; 100 percent of its industrial diamonds; 100 percent of its sisal; 99 percent of its nickel; 93 percent of its cobalt; 93 percent of its manganese; 55 percent of its lead; 42 percent of its copper; and 40 percent of its zinc.

If these areas keep up the process of disintegration that the Communists know so well how to capitalize on, we lose all those sources of vital materials. It is a matter of very vital concern to all Americans.

Mr. RICHARDS. The gentleman from Connecticut is just 100 percent correct.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from New York.

Mr. TABER. I have been looking over the bill and the report and it seems there are 18 separate agencies set up and it looks to me like a tremendously cumbersome administrative set-up which needs to be completely revamped and cut down to some kind of a businesslike size.

Mr. RICHARDS. I would like to say to the gentleman from New York that we think we have done a pretty good job in that connection. We put this operation under a single unified agency last year, we cut personnel 10 percent and in this bill we cut personnel an additional 10 percent. We have been trying to do the very thing the gentleman is talking about.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. RICHARDS. Mr. Chairman, I yield myself one additional minute.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Minnesota.

Mr. JUDD. In answer to the question of the gentleman from Virginia, it ought to be called to the attention of the House that on pages 48 to 56 of the committee report this technical assistance question is dealt with in considerable detail. But there is one further thing which in all candor must be said. The gentleman from South Carolina and the committee know of my own uneasiness about the fact that there is an awful lot in this bill, sir, that is called technical assistance, but which is not technical assistance. I regret that the various kinds of aid to the underdeveloped areas are not separated in the bill so that they can be laid before the House with exactly the right labels on them.

There are four main kinds of aid in the bill: Military end items to four countries in Asia, and to Western Europe, Greece, and Turkey; the second is defense support to enable them to build up their own arsenals and air bases and economies so that they can produce for themselves the largest possible proportion of their defense needs; the third is technical assistance; and fourth is economic Marshall plan type of aid to some of the so-called underdeveloped areas.

I regretted that I was not able to work out a satisfactory amendment whereby we could break the last two down and be perfectly honest with the House in making clear which is which and why. There are areas where the threat of Communist conquest from within has to be met in the next year or two—certain areas in the Middle East, south and southeast Asia, and a few other places. We have to put with the longer-term and slower-moving technical assistance some economic aid. Whether the amount provided is right or not is questionable, but we have to furnish some aid in essential commodities, in addition to training, or else those countries are going down. In the case of India and south Asia out of the \$150,000,000 provided for so-called technical cooperation, only about \$13,000,000 is for personnel engaged in technical assistance and \$137,000,000 is for commodities. The case for each ought to be made on its own merits. It will endanger future support of a sound technical assistance program to have purely economic aid, however justified, lumped under technical cooperation. I think that, before the debate is over, that will be spelled out in detail so that we understand exactly what we are doing and why.

Mr. VORYS. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, there is a great degree of unity in our committee; unity in admiration of our fine chairman, in admiration and sympathy for each other, and unity in voting to bring this bill to the floor. There the unity stops this

time because there are divergent views on various parts of this mammoth piece of legislation.

A "PACKAGE" BILL

In the first place, this is a package bill. It is labeled "Mutual Security" but there is a great deal of it that is not very mutual and has very little to do with our security. For instance, there are provisions in here for Arab and Jewish refugees, point 4, United Nations International Children's Emergency Fund, provisions for ocean freight for relief packages, \$10,000,000 for resettlement of refugees, \$17,000,000 for United Nations technical assistance. This is a gathering together of practically all the foreign-policy items that require money this year, to authorize them in one bill. I do not disapprove of this package plan; in fact, I helped invent it. In the Eightieth Congress we were faced with a series of bills that had an April 1 deadline, and we realized there would not be time to have hearings and floor debate on each one, so we put them together into a package. The vote against this plan was the only strictly partisan vote in our committee. Our friends of the then minority stormed against the package approach, and their supporters, the pro-administration commentators and columnists, said the Republicans were trying to obstruct and delay, but the package bill that year went through the House March 31, 1948. The package plan has been adopted by the present majority and by the administration ever since. They have never made a deadline such as we made in the Eightieth Congress.

THE COMMUNIST THREAT

But while it is well to have in mind that this is more than a mutual security bill, yet the vast amount in this bill is for military aid, and a large amount of the nonmilitary authorizations have to do with the grim and deadly threat to our security by godless, ruthless communism, clear around the world; a threat that is military, the threat of the use of force; economic, the threat that we may bleed ourselves white in getting ready for a war that may never come; political, the threat that we may lose our liberties at home in the effort to meet these other threats. All this amounts to a very deadly threat. While there are those who would have us withdraw to our own borders in the face of this threat, many millions of our people, particularly our young men, have seen the war-devastated countries of Europe and Asia, and feel that if war must come, we should plan to fight away from home, on friendly soil, if possible, and not fight alone. It is quite interesting to note that because of this every avowed candidate for President on either ticket is in favor of a continuation of some form of mutual security, of military aid to those who are ready and willing to fight in the common cause. Every candidate for President supports that policy. It is also significant that only one candidate for President, Mr. Averell Harriman, who is also the administrator of all this, says of the original administration proposal "If you touch it, I will cry." He says in sub-

stance, "We must have all or there is no use of having any." All this leaves a problem of responsibility for the Congress, particularly the House, where we have but one Presidential hopeful, to determine how much should be expended in this effort.

AMOUNTS INVOLVED

Now I want to discuss this matter of how much is involved. If any of you care to turn to the CONGRESSIONAL RECORD for May 15, at page A3138, you will find a table I inserted which shows that this bill, as amended, plus the unexpended balance of Mutual Security Act appropriations, plus other planned United States expenditures, will make \$18,098,200,000 available for foreign aid beginning June 30, 1952. I said, \$18,098,200,000. There is a mistake in the printed table in the RECORD. It should be as follows:

Foreign aid available June 30 1952

[In millions of dollars]

Unexpended balances June 30 (report, p. 30).....	8,945.1
H. R. 7005, authorizes.....	6,901.1
H. R. 7005, United States military transfers (p. 22 of bill).....	1,000.0
United States military expenditures abroad (hearings, p. 1053).....	1,052.0
Total.....	17,898.2
H. R. 7005, excess equipment (p. 29 of bill).....	200.0
Total.....	18,098.2

MILITARY AID

Unexpended balances.....	7,894.3
H. R. 7005, authorizes.....	4,596.0
H. R. 7005, United States transfers.....	1,000.0
Total.....	13,490.3
Excess equipment.....	200.0
Total.....	13,690.3

ECONOMIC AID

Unexpended balance, including Spain.....	1,050.8
H. R. 7005, authorizes.....	2,305.1
United States military expenditures abroad.....	1,052.0
Total.....	4,407.9

For Europe—title I—amounts available are as follows:

MILITARY

Unexpended.....	6,540
H. R. 7005.....	3,316
U. S. Transfers.....	1,000
Total.....	10,856
Excess equipment.....	200
Total.....	11,056

ECONOMIC

Unexpended.....	828.2
H. R. 7005.....	1,637.3
U. S. military expenditures.....	1,052
Total.....	3,517.5
Grand total.....	14,573.5

Through off-shore procurement and transfers, military funds can be used for

additional economic aid in Europe, as follows:

[In millions of dollars]

H. R. 7005 (p. 22) off-shore procurement 10 percent transfers of title I total (MSA, 101b).....	1,000
H. R. 7005, title I, 4,953.3, 10 percent.....	495.3
H. R. 7005, Ribicoff amendment.....	100.0
Economic aid (see above).....	3,517.5
Total.....	5,112.8

If you will look on page 20 of the report you will find that out of the \$11,500,000,000 available for military aid, only \$1,796,000,000 was shipped by February 29, 1952.

I have been shocked and disappointed and dismayed year after year to find that the military were not sending abroad the arms that Congress had authorized and appropriated for. It is one of those things where you cannot make it up all in a hurry.

In any case, using the guesses, which have not been very happy guesses in the past, but using the guesses of the executive branch as to what they are actually going to spend and deliver up to June 30, 1952, and it will be a better record than they have ever made before, there will be unexpended balances on June 30, 1952, of \$8,945,100,000. H. R. 7005 authorizes \$6,910,100,000. That is, there was a cut of \$998,900,000 over the executive request.

Then on page 22 of the bill H. R. 7005 you will find authorization for transfer of a billion dollars of our military equipment to this program whenever it is needed. That was part of a suggestion made by our colleague, the gentleman from Massachusetts [Mr. HERTER] last year. He sponsored it and I was sort of a cosponsor in committee. Thus we make a billion dollars of our own gigantic military build-up available to this program, if necessary. I know the military will be reluctant to do this, but that provision takes care of a period in the future when there might be an emergency arise and certain of our planes, tanks, and guns might be needed immediately on the European front, to be used by the forces of other nations rather than by our own forces.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Illinois.

Mr. ARENDS. Did I correctly understand the gentleman, then, that if this transfer was effectuated the foreign-aid program could still be seven and nine-tenths billions?

Mr. VORYS. Yes. Let me put it this way: With this military authorization there is now more military and nonmilitary aid available in this bill than there was when the bill came to the committee because the total has been cut \$998,900,000, and this additional billion of authorization has been put in, therefore, the net result is that greater amounts are available than when the bill came to the committee.

Mr. ARENDS. There is room for additional cuts.

Mr. VORYS. I think so.
Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. Did I correctly understand the gentleman to say there were approximately \$8,000,000,000 of unexpended funds available?

Mr. VORYS. Unexpended balances. If the gentleman will refer to page 31 of the committee report, he will find the details. The amount is \$8,945,100,000.

Mr. SEELY-BROWN. How much of that money is unobligated?

Mr. VORYS. All but \$350,000,000, it is proposed, will be obligated by the end of the year.

OBLIGATIONS AND EXPENDITURES

Let us talk for a minute on this obligation and expenditure proposition. When money is spent, you know it is spent, but "obligated" is one of the most elastic terms I have heard in Washington for a long time.

For instance, I interrogated Mr. W. J. McNeil, Assistant Secretary of the Department of Defense, and found out that they have not only provision for changes and provision for termination at the convenience of the Government in every contract over \$1,000 but they also make contracts subject to future appropriations—hearings page 419. In this bill we provide that money that is de-obligated can be used again without reappropriation because it is quite natural in a vast program, particularly involving intricate military equipment, that after the money is obligated, you may change your mind, for instance, instead of making a thousand of one kind of equipment you may decide to make 500 of something else, and you cancel the original contracts. I asked Mr. McNeil how many military contracts for equipment had had changes in them. He said that for the hard-to-get, long-lead-time items there is practically no contract outstanding in which changes in specifications have not caused price changes or changes of that kind. That is quite natural in this business of planning a military build-up. Every time you find out, particularly in combat, that a weapon can be improved, you ought to change it. So that this obligation fastens an obligation on the contractor, but not on the Government. We find therefore that the NATO-Lisbon program for 25 divisions in being, and 25 more ready, and 4,000 planes by the end of this year is firm so far as the executive departments are concerned, but NATO is provisional after the end of this year. We find that those obligations as far as the Defense Department is concerned are provisional. Everything is to be provisional except what the Congress does. There are a number of us who feel that we should be a little bit provisional and should hold back some of the requested appropriations for the end of this program.

The military program for Europe, which is of course, the big item, involves long lead time on planes, tanks, and

naval craft. Not one dime, get this, not one dime of the amount authorized in this bill be spent in fiscal year 1953—not one dime will be spent before July 1, 1953, and of this authorization \$1,240,000,000 will not be spent until fiscal year 1955, beginning in June 30, 1954. Of course, we all recognize that we must plan ahead for these items, but it is questionable whether we are justified in making plans that far ahead for Europe when Europe is unable to make firm plans of her own that far ahead.

Again referring to the summary of how we get this \$18,098,200,000, I have mentioned the unexpended balances 8,945.1, the amount of this bill \$6,900,000,000 and \$1,000,000,000 of military transfers. Then, you will find on page 1053 of the hearings, right at the very end of the hearings, this item of United States military expenditures abroad, outside of this legislation, which will go through European banks in the 15 countries that need economic support—expenditures for infrastructure—for buying supplies for our troops, expenditures that give economic aid abroad next year amounting to \$1,052,000,000. Then, the bill H. R. 7005 provides \$200,000,000 additional in excess equipment. There is a provision in the law for declaring excess equipment, even though we may feel that we do not have any excess. At any rate, we can well count that in the total. That brings the total to \$18,090,200,000 of which \$13,690,300,000 is military, and \$4,407,900,000 is economic.

EUROPE

Let us turn to title I—Europe—and think about that for a minute. The preoccupation with Europe is shown not only in dollars, but in words. Seventy-six percent of the original proposal was for Europe. We have heard from one candidate for President, opposing excessive reductions for Europe. It is quite interesting that 24 percent of the total is for outside of Europe, of which that candidate knows not nearly as much as we know here, but in any case Europe is of particular interest.

It seems to me the great mistake that we have been making is in saying that the defense of Europe is vital to the defense of the United States.

The cold fact of security is that the defense of Europe is very important to us, but not vital. We could live if they fell. If the defense of Europe were vital to our defense, that would mean that if the Soviets overran Europe tomorrow, our vital defense having been stricken down, there would be nothing left for us to do but to surrender. But there is not anyone in the United States who thinks we are going to surrender to the Soviets if Europe is overrun. Therefore, the difference between "vital" and "important" is something that we ought to make clear in these bills, because in Europe every time we say, "The defense of Europe is vital to the security of the United States," they say, "Well, if you want to defend yourselves over here, go ahead. We will help you from time to time with your defense." If we would make clear just what the facts are about our policy, it might be that we could get

a little more military effort over there; if we would make clear that we are going to do our part but not their part, they might do more.

DEFENSE SUPPORT

Now, let us look into this defense support for a minute. That is a new label put on something that started with the Marshall plan. You will find in the hearings that defense support, as proposed by the executive, is figured exactly the same way as they figured the Marshall plan money. That is, they had some experts figure out the theoretical balance of payments that the countries ought to have to live in the style in which the experts felt they should live, and that the difference in dollars was the amount that we had to make up. You will find, however, that on this defense support there were no promises made. Mr. Harlan Cleveland is Assistant MSA Director for Europe. Mr. C. Tyler Wood is Associate MSA Deputy Director. They were the key men in our hearings—see hearings, page 535:

Mr. VORYS. Did we promise \$1,400,000,000 defense support at Lisbon?

Mr. CLEVELAND. No, sir; we did not promise any.

Mr. WOOD. There was no dollar commitment at Lisbon.

Mr. VORYS. I have asked for the Lisbon figures and have obtained them from Mr. Harlan's staff, but they are marked in big red letters "Secret." In any case, you are sure that nobody on behalf of the United States Government has promised \$1,400,000,000 defense support to anybody. Is that right?

Mr. CLEVELAND. I am sure of that.

NONDEFENSE EXPENDITURES

In this country, we are reducing our nondefense expenditures. In 12 of the 14 NATO countries—see hearings, pages 100-110—nonmilitary government expenditures are to be increased. Britain's remains the same. Turkey alone, of our NATO allies, is to reduce nondefense spending.

THE MULTIPLIER FACTOR

Now, you will hear a lot of talk about a multiplier factor. In some way, if we put in the \$1,400,000,000 that we did not promise, in addition to three billion three hundred million of military aid, in addition to the billion offshore procurement, in addition to the one billion fifty-two million that our military forces are going to spend there—if we put in this defense-support money, we are supposed to get a multiplier effect, so that we will get a lot more defense for it.

I asked Mr. Cleveland about that—hearings, page 515. I said, after we had heard a lot on this multiplier business:

Mr. Cleveland, as I understand your statement, the hardware goes up a billion and a half and we put in \$1,400,000,000; is that right?

Mr. CLEVELAND. That is right.

Mr. VORYS. I think we all ought to bear that in mind when we hear about our contribution being multiplied two or three times.

Now, on page 47 of the committee report you will find an elaborate table that looks as if cutting down on defense support would lose so many vehicles, aircraft, so many weapons, and so forth. I interrogated Mr. Cleveland about that

table—hearings, pages 537-540. I asked him:

I wonder if you could just answer the question that I stated. Does the subtraction of the with-and-without defense-support items for aircraft mean the amount of aircraft materials and machinery we would send to Europe?

Mr. CLEVELAND. No, sir. This table does not have anything to do with imports of materials into Europe. * * *

Mr. VORYS. Still looking at your table on defense support, you apparently estimate that without defense support, these countries could do just about as well, within \$300,000,000, this coming year as last year.

Mr. CLEVELAND. Somewhat less.

Thus the multiples of one and four-tenths billions gets results of only three hundred million, according to this chart.

ECONOMIC AID FOR EUROPE

Referring once more to the table I have given you they have an unexpended balance in economic aid of \$828,200,000 for Europe. The bill proposes that they will get \$1,637,300,000 in defense support. Next, military expenditures outside of this bill \$1,052,000,000; that is a total of \$3,517,500,000. But through off-shore procurement they will get \$1,000,000,000 more. That is, the bill provides that we must spend \$1,000,000,000 of our military money in Europe where they get the benefit of the dollars, and economic aid through getting the dollars; and it is a good plan. Then they can transfer 10 percent of the total of title I.

That is \$495,300,000 there, so that with the Ribicoff amendment of \$100,000,000 that could be used in Europe, there are availabilities, through transfers and otherwise of \$5,112,800,000 for economic aid to Western Europe. That is the item that I think could stand a reduction without hurting anybody and with great benefit to the taxpayers here.

WINDING UP ECA

I helped to bring the Marshall plan to the floor of this House in the Eightieth Congress in 1948, and one of the battles we had was to hold in the 4-year period. That 4-year period expires June 30, 1952. I regret to say that in conference last year we put in a provision that has been construed by the President as authorizing the President to extend ECA, which would otherwise go out of existence on June 30, by writing a letter—we have legislation by letter writing. The law provided, in section 502 (c) of the Mutual Security Act, "not later than April 1, 1952, the President shall inform the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives which of the powers, functions and responsibilities transferred to the Director by subsection (b) (2) are found by the President to be necessary to enable the Director after June 30, 1952, to carry out the duties conferred upon him by section 503. On March 26, the President sent us a letter. Instead of picking out which powers were necessary he just said "all of them except these seven are necessary." The committee disagreed on one of them and canceled that, so that all of ECA except six somewhat unimportant powers are

prolonged, are restored, are prevented from being repealed and this is done by a letter of the President.

I propose to submit an amendment to correct this and have the Congress preserve the proper sections, and I shall ask permission to put it in my remarks at this point:

AMENDMENTS TO EFFECTUATE REPEAL OF ECONOMIC COOPERATION ACT

1. On page 14, line 1, after "and of", strike out "the Economic Cooperation Act of 1928, as amended (22 U. S. C. 1501-1522)" and insert in lieu thereof "section 503 of this act."

2. On page 15, line 4, amend subsection (c) to read as follows:

"(c) Amend section 101 (a) (2) to read as follows: 'There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed to provide assistance to any country covered by paragraph (1) of this subsection in accordance with the provisions of section 503 of this act; and in addition balances of appropriations heretofore made pursuant to this paragraph unobligated as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.'

3. On page 16, line 13, amend subsection (b) to read as follows:

"(b) Amend section 203 to read as follows: 'In order to further the purpose of this act in Africa and the Near East there is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$55,000,000 to carry out the purposes and provisions of this section; and in addition balances of any appropriations heretofore made pursuant to this section unobligated as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized. Funds appropriated pursuant to this section shall be available under section 503 of this act and the act for international development (22 U. S. C. 1557).'

4. On page 18, line 4, strike out "(b) At the end of subsection 302 (a)" and insert the following:

"(b) In the second sentence of subsection 302 (a) strike out the words 'the applicable provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), and' and insert in lieu thereof 'Section 503 of this act and the applicable provisions' and at the end of such subsection."

5. On page 20, after line 22, insert the following:

"(c) Amend section 503 by inserting '(a)' after '503' by redesignating paragraphs (a), (b), and (c) as (1), (2), and (3) respectively, and by adding at the end thereof the following new subsection:

"(b) (1) Except as provided in paragraph (2), the Economic Cooperation Act of 1948, as amended, is repealed.

"(2) Of the powers, functions, and responsibilities transferred to the Director for Mutual Security by section 502 (b) (2) of this act, only those which are exercised pursuant to the provisions of the Economic Cooperation Act of 1948, as amended, enumerated in paragraph (3) of this subsection and are not in conflict with the other provisions of this act, as amended, may be exercised after June 30, 1952. Of the powers, functions, and responsibilities conferred on the President or the Secretary of State by the Economic Cooperation Act of 1948, as amended, only those conferred by the provisions of that act, as amended, which are referred to in paragraph (3) of this subsection may be exercised after June 30, 1952.

"(3) The provisions of the Economic Cooperation Act of 1948, as amended, referred to above are the following: Sections 104 (e) and (f); 107; subsections (c) and (d) of section 109; 110 (a) and (b); 111; 112; 113; subsections (d), (h), and (i) of section 114; 115 (a); paragraphs (1), (2), (3), (4), (5), (6), (7), (8), (9), and (10) of section 115 (b); subsections (d), (h), and (j) of section 115; section 117 (c); section 119; and section 120. Where any of the above provisions refer to the purposes of the Economic Cooperation Act of 1948, as amended, such reference shall be deemed to be the purpose of this act, as amended."

"(d) In subsection (a) of section 504, strike out all after 'Senate' and insert in lieu thereof a period and the following sentences: 'The Deputy Director shall receive compensation of \$17,500 per annum. The special representative in Europe shall receive the same compensation and allowances as a Chief of Mission, class 1, within the meaning of the act of August 13, 1946 (60 Stat. 999) and have the rank of Ambassador Extraordinary and Plenipotentiary. The Deputy Special Representative in Europe shall be entitled to receive the same compensation and allowances as a Chief of Mission, class 3, within the meaning of the act of August 13, 1946 (60 Stat. 999) and have the rank of Ambassador Extraordinary and Plenipotentiary.'

Renumber subsequent subsections accordingly.

6. On page 26, lines 12 and 13, strike out the words "the Economic Cooperation Act" and insert in lieu thereof "section 503 of this act."

EUROPEAN UNIFICATION

On unification the committee report says—page 13—"only by unification will Europe ultimately be able to defend and support itself. We have some strong language in the bill, but we should provide that after, say June 30, 1953, military money to Europe goes only to the European army, the European defense community, only to an organization that is by that time hoped to be a going concern. In that way we would know we are not putting military money on a dead horse; in that way we would encourage unification.

POINT 4

Now, let me point out a few figures in connection with point 4. For point 4 they are requesting four times the number of experts they had last year but they are also asking for four times the money to spend on economic aid that they are for experts.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. VORYS. Mr. Chairman, I yield myself five additional minutes.

Mr. Chairman, it is very hard to sort out point 4 because economic aid is carried on under point 4, as the gentleman from Minnesota pointed out, and they have technical experts under MSA. But to give you some sort of interesting figures as to the totals that this bill provides, there will be 4,070 experts and technicians sent all over the world, there will be 8,470 foreigners brought here to learn more about the good way of life; but with all of that we will be spending more than four times that amount for personnel, a total of \$440,000,000, for economic aid, wells, dams, water projects, flood-control items and that sort of thing all over the world.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Georgia.

Mr. COX. The gentleman happens to know that, generally speaking, I agree with his thinking on the subject he has been discussing; but I am wondering if the gentleman will not agree with me that his committee might have met and dealt with this question in a more realistic manner. The gentleman has been discussing point 4. I am wondering if he would not likewise agree with me that point 4 has been criminally abused?

Mr. VORYS. It has been fantastically swollen beyond any possibility of doing the kind of job we thought it should do.

Mr. COX. The gentleman says, in effect, that the purpose of the legislation is to improve our position, to strengthen us in a military sense, and that the intention is to extend assistance to countries in other parts of the world that are making a common cause with us. I would like to ask the gentleman, particularly with reference to what is proposed for India, Pakistan, and Israel, what common cause are those countries making with us? Is not the contribution there made in the nature of relief? As a matter of fact, in making this contribution to India, are we not strengthening and are we not expending that money in a country where Russian influence holds them within a firm, iron grip?

Mr. VORYS. No; I do not think the Russian influence is that strong. You will hear a lot about India before we are through. I can say this about India: During my service on Committee Five in the United Nations, on the crucial questions that came up, the representative of India was not neutral; he was hostile, and at times insulting to my country and to me, and voted with the Soviets. So that I cannot visualize the cooperation, the mutual security, that might be gained through this vast program that Ambassador Chester Bowles, with his ever-expansive ideas, is proposing out there. I cannot see how that is closely tied in with our mutual security.

Mr. COX. The gentleman recalls his visit to Strasbourg last fall where a meeting of representatives was held.

Mr. VORYS. I certainly do.

Mr. COX. Does the gentleman recall they took the position almost unanimously that any further assistance extended by the United States should be conditioned upon the European countries meeting certain requirements?

Mr. VORYS. Unification must be a requirement.

Mr. COX. Are those conditions laid down in the pending bill?

Mr. VORYS. They are not laid down sufficiently clearly in my judgment and I hope an amendment to make that more clear will be offered.

Mr. COX. Is there not a lot of boondoggling in here then?

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Illinois.

Mrs. CHURCH. I take this time to comment on section 2, paragraph (b) page 13, to which the gentleman referred when he spoke of the need for unification in Europe. I find this language which I would like the gentleman to interpret, if he will:

In order to provide further encouragement to such efforts, the Congress believes it essential that this act should be so administered as to support concrete measures for political federation, military integration, and economic unification in Europe.

Do I understand from the gentleman's comment that this provision would give the administrators a chance both to bargain and to exert pressure to effect change in the integral political life and purposes of the individual countries we are supposed to be helping? Would such an attempt not endanger the cooperation that the bill seeks to win?

Mr. VORYS. It would give the Administrator authority to press toward the purposes that have just been stated.

Mrs. CHURCH. In addition, would the provisions of this bill permit us to introduce some good old-fashioned Yankee trading for the protection of our own interests?

Mr. VORYS. It would. I have found our administrators very good at Yankee trading and that is why I suggest we might write in some more forceful language.

Mrs. CHURCH. I certainly hope that the gentleman will be successful in that attempt.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from New York.

Mr. JAVITS. I just want to ask this question: The gentleman is for military aid; he is for defense support; he is for technical assistance; he is even for some economic aid, but he thinks we have done too much in the bill; is that not right?

Mr. VORYS. I am for cutting out European recovery money, and that can be done by appropriate amendments; cut it down to defense necessities.

Mr. JAVITS. Is it not a fact also that the defense-support provision is essential for materials which have to be bought by the European countries outside of their borders?

Mr. VORYS. No; it is also for commodities. It is for wheat, butter, fats, and oils. Unless merely feeding soldiers is defense support, much of this does not come under that classification. I think we are through with that kind of defense support.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Kansas.

Mr. REES of Kansas. The gentleman has referred to an item of something more than a billion dollars for transfer of arms, and so forth. Does that mean transfer of arms manufactured in this country but sent to Europe and other countries?

Mr. VORYS. That amendment means that if in an emergency we had tanks that had been built for our own use and

they needed those tanks in a division over there, they could be transferred.

Mr. REES of Kansas. That is included as a part of this \$1,000,000,000.

Mr. VORYS. That is correct.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Michigan.

Mr. MEADER. I wish to compliment the gentleman for the excellent statement he made on a very obscure aspect of this bill. I would like to direct the gentleman's attention to the requirement that participation by private enterprise be incorporated and note they have now directed the State Department, or the Mutual Security Director and the Technical Cooperation Administration to break down the barriers to private investment overseas. Does the gentleman have any confidence that those agencies are going to accomplish very much in that direction?

Mr. VORYS. Based on past racing form, no. I have given up hope that they will do much except government-to-government programs.

Mr. RICHARDS. Mr. Chairman, I yield 20 minutes to the gentleman from Connecticut [Mr. RIBICOFF].

Mr. RIBICOFF. Mr. Chairman, let us face reality. It is not the last time Congress will be asked to authorize large sums of money for foreign assistance. The passage of this bill will not eliminate Communistic imperialism. Neither will the passage of this bill allow us to withdraw from our worldwide responsibilities.

As long as the United States remains the leader of the free world, and the Soviet of the slave, we as a Nation will be called upon to contribute heavily of our substance. No possible combination of nations without the United States can stop the Kremlin from seeping through the weak dikes of the world and flooding our Western civilization. It is important to have nations go along with us as willing allies.

The American people have the courage, the intelligence, and the determination to face the facts. They will adopt and follow to a successful conclusion the course which these facts show must be taken. But they must know why they are being asked to act.

From the inception of the foreign aid programs, the executive branch has pictured them as short range and crisis induced. The program was to end soon when the particular crisis was over. The particular act was a last push. This thesis accepted by Congress, the reports and the debates continually fall into a pattern of justification either to repair war's devastation, stopping communism or making us militarily strong.

We started foreign military assistance by giving military aid to Greece and Turkey. The law which inaugurated the Marshall plan provided that it was to end June 30, 1952. The Mutual Security Act provides that it is to end in 1954. The entire record consists of measures presented to Congress on the basis that if this specific and limited action is taken, the situation will be nor-

malized. Such an approach is wrong, dangerous, and filled with illusions. Crisis will continue to follow crisis in international affairs. Troubles will be with us for many future and uncertain years.

Congress has collaborated with the executive rationale. Maybe the road to large foreign grants have been smoothed thereby. Such an approach, however, has been self-defeating. No firm foundation has been laid for long range foreign policy. It has placed us in a position of being unable to take any one of a variety of courses of action unless they can be squeezed into military justifications.

This Nation should be wide-eyed and clear as to what we are about. To get around time limits and economic assistance, we substitute the phrase "defense support." Next year it will be another "gimmick." Frustration and anger will atmosphere the legislation instead of understanding.

The effectiveness of the aid programs is watered down. One of the consequences of the policy of basing each foreign assistance program on a current crisis has been that the people of nations receiving our help have been confused. There is no escaping the fact that many people in the world today regard the United States along with Russia as threatening the peace of the world. The United States is feared and suspect in spite of this aid. Communism remains strong in France and Italy. Our wisdom and aims are doubted by nations which should understand us and have confidence in us.

The following of such a course is due to the feeling by many that the American people must be constantly reassured. They must be fed a verbal "pap." However, once aware of the facts of international life, this Nation will assume the burdens of leadership willingly even though unhappily.

First, let every American understand that Russia has under arms, and has had since the end of the war, 175 divisions. Russia has 20,000 airplanes, of which 4,000 are jets. There are 500 submarines in the Soviet Navy. Germany had only 60 submarines at the beginning of the last war. Soviet forces are deployed in Eastern Germany and in the Far East so that they can attack immediately. No calling up of reserves or bringing up of supplies is necessary.

The fact that this military power has not yet been used does not mean that it will not be used. There is no escaping the fact that the Soviets are hostile to the United States and that they are militarily strong.

Nevertheless, it must never be forgotten that the men in the Kremlin prefer subversion, unrest, and revolution to war. They are the greatest masters in history of subversive techniques. Wherever internal unrest, dissension, or weakness are present, the Soviet has an organization and a well-worked-out plan in readiness where a minority, subject to its control, can take over the government. One of the greatest dangers confronting the United States today is that

we may concentrate so intently on meeting Soviet military aggression that we neglect the defense against subversion.

A second fact which Americans cannot shut their eyes to is the situation in those parts of the world where new nations have recently emerged from colonial status and where other races feel themselves for the first time free from control by Europeans. Peoples still under the control of foreign nations seek to follow the countries already independent.

In many cases the Soviet did not cause this unrest; they do fan the flames. It cannot be repressed or eliminated. The United States must accept the fact that the situation exists.

The Soviet is ever ready to turn this situation to its advantage. It has the organization and the technique for taking over any government which cannot cope with the problems which have to be faced.

One of the principal challenges confronting the United States is whether or not we can prevent these people, largely in Asia and Africa, from falling under Soviet domination. If these areas fall to the Soviet we will be irreparably weaker and the power of the Kremlin will be greater.

The United States needs not only to spend money to maintain a program of sufficient range to help these people attain a status where they can support and defend themselves, but to supply constructive leadership and statesmanship as well.

A third hard reality confronting the United States is that in important respects we have become a "have not" nation. Our position of world leadership is due, in part at least, to the fact that throughout our history we have had within our own borders nearly all the resources which our industries required and the foodstuffs that our people consumed. To a greater extent than any other nation, we have been able to supply our own needs.

Modern technology, however, has altered this situation. There are a number of minerals today of small importance in terms of tonnage or of dollars but which are of vital importance for the productive capacity of our Nation. The United States is dependent on foreign sources for 100 percent of our industrial diamonds, 100 percent of our tin, 99 percent of our nickel, 93 percent of our cobalt and our manganese, and 92 percent of our mercury, to name only a few. I am making no mention of atomic-energy materials. In addition to this, some of the most important materials which we have always obtained at home are becoming exhausted. Today we import 42 percent of our copper and our steel industry is being relocated to permit the use of imported iron ore.

These facts mean that if we permit ourselves to be cut off from the resources of the rest of the world, transportation and communication as we know it today, automatic and labor-saving machinery, much of the comfort in everyday living and certain of the things we regard as necessities cannot be continued. We must work with other nations to keep

supplies of important materials available to us and to prevent them from falling under Soviet domination.

Consideration should be given finally to the importance to the United States of expanding our markets overseas. Our industrial capacity as a whole is now about double what it was in 1940, only a dozen years ago. What are we going to do if it becomes possible for us to curtail military production? We cannot let our factories close and our people remain unemployed. It will be vital to this country that export markets be available to us.

The underdeveloped areas of the world deserve particular attention in this respect. A noteworthy aspect of the post-war boom has been the forward spurt of trade in item after item sold to some countries long characterized by low incomes. Venezuela took \$24,000,000 of dairy products in 1950, up from a little more than \$1,000,000 in 1938. India took \$30,000,000 of industrial machinery in 1950 as against \$4,000,000 in 1938. The demand for the produce of American factories exists if the people of the world can be brought into our market.

In this connection it should be emphasized that the United States normally exports several billion dollars more than it imports. Since the war our exports have exceeded our imports by about \$5,000,000,000 per year although this balance was as low as \$1,500,000,000 in 1950 and as high as \$9,500,000,000 in 1947. Foreign nations cannot pay for our exports unless they have dollars. We discourage their earning dollars by shipping their products to us as indicated by our recent action in raising the tariff on cheese. Is it more politically expedient for the United States to give aid to foreign nations so that they can buy our goods than to lower our import barriers so that they can earn the necessary dollars? If so, let us at least tell the American people they will continue paying a subsidy to our agriculture, mines and industry to make this trade possible and keep our friends afloat. Nevertheless, if the United States is to remain an industrial nation with all it means to us in high productivity and a high standard of living, we must have a world market. We are geared to a world economy. If we have to readjust to a hemispheric economy or a continental economy we will all of us be poorer.

The international adjustments necessary to remove world tensions are proceeding but progress is painfully and disappointingly slow. I think our assistance program might have been administered in a manner that might have given greater incentives to speed in co-operation and provided penalties for delay. Nevertheless, we have to recognize that the political and organizational changes necessary will take many years to complete. Governmental institutions will have to be established, national constitutions modified, industries uprooted and in some cases populations redistributed. There is no way that these things can be accomplished in months. Until they have been accomplished, the United States will feel continuous tension and face a succession of crises.

All of these things mean that we should approve the legislation before us with our eyes open. It cannot be truthfully said that all we have to do is equip X number of foreign divisions and our problems will be over. We must recognize that that is not the whole story.

Arms are only part of the over-all picture. It is impossible to separate a nation's military requirements from its basic and essential civilian needs. They are all part of the same ball of wax. To force the aid program into military compartments only will get us into actual as well as intellectual difficulties.

The constant talk of arms scares a war-weary world and casts suspicion on our aims. It lets the Soviet, who arm in silence and secrecy, sell its phony peace campaigns under the symbol of the white dove.

The Congress cannot legislate or appropriate the Kremlin out of business. We cannot vote tranquillity for the people in Asia and Africa who believe they are on their way to better things. We cannot by law alter the technology of the electronic and the atomic age. Every one of these situations presents us with complex and long-range problems of foreign policy.

Further, let us not kid ourselves that our problem is military and economic only and that it will end in 1954. We must also recognize that man is a spiritual, emotional, and moral being. He is not a scientific automaton whose actions can be predicted under any given circumstances. The burning concepts of our Declaration of Independence and Bill of Rights reborn for the world could impart more than dollars alone.

It is to be regretted that those charged with the execution of foreign policy do such a poor job of presentation and explanation. However, Congress, too, has a responsibility for policy and the national interest. Congress cannot shirk its responsibility. We must stop looking for the simple and pat answers. We must realize that with international problems 2 plus 2 invariably equals 3 or 5 and not 4.

When these programs are thus approached reality and substance will start filling out the bare bones of our foreign policy. Maturity will give our leadership direction and strength free from frustration and fear.

I would like to spend the remaining time allotted to me in discussing the argument of the gentleman from Ohio. The gentleman from Ohio deserves that particular attention and discussion. There has been no other member of the committee that has worked as hard and as diligently on this legislation. But I think the gentleman from Ohio, too, will admit that there were many other members of this committee that were most critical during the entire conduct of these hearings. In truth, I think it can be safely said that never has there been a chairman of any committee so independent of the executive branch than our own chairman, the gentleman from South Carolina [Mr. RICHARDS]. Constantly he asked the \$64 question. I think the gentleman from Ohio, too, will admit that there was no member on the

committee that gave our executive branch a harder time in the committee than I did.

The gentleman talks about \$18,098,000,000 available instead of the amount that we talk about in the bill of \$6,901,000,000. He would lead the House to believe that we have this large reservoir of funds that have not been used and that should be used. As a matter of fact he fails to tell the House that when he talks about these \$8,000,000,000 of unexpended funds these are obligated funds. The \$8,000,000,000 do not represent money in the Treasury to be used for any particular purpose. It represents goods in the pipelines. The \$8,000,000,000 that he talks about being unexpended actually represent contracts that have been let. They represent 4,000 tanks at \$2,900,000,000. They represent 3,000 jet fighters at \$2,300,000,000. They represent mine sweepers at \$600,000,000. They represent artillery pieces, they represent fire-control equipment, they represent guns, and they represent military hardware. These items are in the pipeline. By law money must be available when contracts are signed. Therefore, if we did not authorize the amount set out in the bill, after June 30 of this year the Mutual Security Administrator would have to cut off all future contracts. We have to make up our minds whether we are or are not going ahead with this program. The gentleman from Ohio is not correct when he says there are \$8,000,000,000 available to the Mutual Security Agency for expenditures.

I think the House should understand just what a pipeline is. It should be stated that a pipeline is the time between obligation, or let us call it contract, and the expenditures which are made almost indistinguishable with delivery. Most goods that are represented in this pipeline take approximately 2 years to produce. So when the gentleman tells you that this \$6,000,000,000 will not be spent until a year or more from now, he is absolutely correct. But why is he correct? The money you appropriated last year is being used to pay for the goods that are coming off the assembly lines this year. When it takes 2 years to deliver a tank and approximately 2 years to deliver a plane, in order to place those orders we make the authorizations—the appropriations. Thereafter when the goods are delivered payment is made from the funds which you are authorizing today. The gentleman is incorrect when he states that there is \$8,000,000,000 left. As a matter of fact, by July 1 there would be only about \$406,000,000 left of unobligated funds.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. In commenting upon the question of lead time, the gentleman from Ohio made a very amazing remark. He outlined very clearly and indicated his complete understanding of what lead time is on these contracts for matériel. Then, he stated that under no circumstances should we give any further attention, although he is in favor of appro-

priations for matériel, to contracts to give us the end product in 2½ years unless, mind you, we were fully acquainted and fully informed and fully advised at this time as to what the European countries were going to do 2½ years from now.

Mr. RIBICOFF. The gentleman from Ohio says he is for the program, but he is for less of a program. Basically, what he seeks to do and asks the House to do is to make our Mutual Security Program and our tie-up with our allies so much more ineffective.

That is a problem you are faced with here when you vote on this legislation today. I think the gentleman from Ohio also failed to point out to the membership here that these programs are not only on an annual basis projected just for the current fiscal year. These programs, according to the testimony before our committee, get projected over a period of 2 to 3 years. The planning for these 50 divisions, and the planning for slices up above the 50 divisions of our allies in Europe contemplate a build-up which will continue through 1954 and 1955. All of you know, if we are going to have a program, it has to be carefully thought out and carefully planned. As a matter of fact, if we are just planning here for the next fiscal year, and worried about what we have left of the unexpended funds, we might as well fold up and eliminate this program in its entirety. But it certainly is foolhardy to come before the House and use arguments for the next fiscal year, when actually we are planning here for the next 3 years.

The gentleman refers in his argument to various other items to indicate large sums of money available, and he quotes from page 1053 of the hearings, United States and military expenditures abroad \$1,052,000,000. He would, therefore, lead you to believe that this is money which is available in addition to what we are now authorizing today. But, quoting from the same RECORD and the same statement to which the gentleman from Ohio [Mr. VORVY] refers, the concluding lines of that statement reads as follows:

These dollar earnings have been taken into account along with all other European dollar earnings before computing Europe's residual dollar needs on which the request for defense support is based.

So when we have defense support of \$1,000,000,000 plus, that is the residuum left after taking into account \$1,000,000,000 that the gentleman from Ohio says is actually available.

The gentleman from Ohio also will lead you to believe that because of the Ribicoff amendment, \$100,000,000 additional is available. If you read the bill, you will find that this section 513 B says "not more than \$100,000,000 of the funds made available under the Mutual Security Act of 1952," which indicates that that \$100,000,000 is to be taken out of the over-all sum.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield.

Mr. FULTON. On the transfer that has been spoken of from the Defense Es-

tablishment equipment of a billion dollars, which is possible under this bill, it should be noted that transfer is actually from the Defense Department appropriated funds and is not an additional billion dollars so that if that transfer is made, our own defense funds will be that much less.

Mr. RIBICOFF. Yes; that is the so-called Herter amendment. I think the gentleman from Ohio has a point there that this actually could be an additional billion dollars. It might be preferable to have an amendment put in similar to the one we had last year which would provide that this \$1,000,000,000 was so allocated under this section that our own Defense Department would have the right to recapture an additional billion dollars' worth of goods from the funds that are being authorized in this bill. However, that is not what the committee voted for as it stands at the present time. There may be some logic in what the gentleman from Ohio points out on this item.

The gentleman from Ohio makes quite an argument over the question of defense support. Here I think the legislative branch is equally responsible with the executive branch because of the misunderstanding that is on the floor of the House. Year after year since these foreign-aid programs have been projected, they have been presented to the House as crises induced and short range. They have been presented, I suppose, to make their paths smoother and easier for passage. That as soon as this bill is passed or that bill is passed we would return to a situation of normalcy. During the debates and during the reports the House itself follows through with that rationale. Consequently, we support military aid. We go along with the Marshall plan and we limit the Marshall plan to June 30, 1952. We then come along with the military-security bill, and we limit the date in 1954.

It is my personal belief that a great mistake is made by the executive branch and by the Congress of the United States when we fall for that type of argument. We get ourselves into a very difficult position, because, as the gentleman says—and I concur with him—this is basically economic aid. They found that they were hoist by their own petard, and consequently they use the term "defense support." I would say, in all truthfulness to the House, that it is not defense support in a purely military sense or it is defense support, but it means the same as economic aid. I suppose next year it will be another gimmick.

The only solution to this particular type of problem is for the House to recognize the facts of international life. The House should recognize the fact that one crisis will follow another crisis in international affairs. As long as we are the leaders of the free world, year after year there will be presented to the floor additional bills for foreign aid. We have no alternative if we are going to hold back the sweeping flood of communism all over the world. Certainly a great disservice is done to the membership of the House and to the Ameri-

can people when we do not tell them the truth and the reality of the world situation as it exists now.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Minnesota.

Mr. JUDD. Is not the nub of the matter this: that so-called Marshall aid was economic aid, for an economic purpose—recovery—whereas this is economic aid for a military objective? It is not just recovery to enable them to resist internal subversion, but it is to build up their military strength so that they can resist external aggression.

Mr. RIBICOFF. I want to make this statement, and I do not reflect upon the sincerity or good intention of any other member of the committee. This happens to be my own personal viewpoint. My contention is that this is all a part of the same "ball of wax," to use a phrase that has been coined by the gentleman from Ohio [Mr. VORYS]. I do not see how you can separate a nation's economic problems from its military problems. When this House tries to put into channels of military use only all of our aid program, we are defeating what we are actually trying to do. We are conditioning this aid with a lot of frustrations and a lot of fears.

When I was in Europe this year I tried to find out why the United States was feared. The truth is, the United States is disliked. Next to the Soviet Union the United States is suspect. The United States is feared every place you go. Why? We talk peace and we say we are for peace, but every time we come here with an aid program, in order to get it passed, we cloak it completely with military talk. We talk about guns, we talk about tanks, we talk about airplanes, and we talk about means of destruction. What does the Soviet Union do? The Soviet Union during all this time has armed behind the iron curtain. They arm in silence. They are superior to us in almost every category, from manpower, jet planes, and tanks. But they arm always in silence. Therefore, when they send out their phony peace campaign under the symbol of the white dove, it is credible. But we here in the United States, in order to get this legislation through, put around it all this military talk and we say the House will only pass this legislation if we call it military assistance. Instead of making friends we are confusing our allies. We are making people doubt our sincerity.

I say if the time has come when the executive branch is unwilling to look at long-range plans for this Nation, then it is the duty of the Congress to exercise its responsibility. It is not enough to say that the executive branch is charged with the responsibility for foreign affairs. When this House took upon its shoulders and has approved the appropriations and authorizations in all of these bills, we are an equal partner in formulating the foreign policy of the United States of America, and therefore it is our duty to look beyond the so-called clichés and pat arguments.

I think the American people will adopt these programs, will make the sacrifices,

will pay their taxes, if they know why they are being asked to do so.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. Gladly.

Mr. JUDD. Is it not just as much a cliché to say that we can carry on effective military aid while at the same time we cut out what in this bill is called defense support? As the gentleman from South Carolina said, it is not enough to have men; they have got to have arms. Just the reverse is true also, it is not enough for them to have arms; they must have men who have uniforms, men who have food, men who have hope, men who have will to fight. These come from defense support, so-called.

Mr. RIBICOFF. The gentleman is absolutely correct. You cannot expect a man to fight who does not have something in his stomach, who does not have hope, who is not given something to look forward to.

Mr. JUDD. Or some knowledge that his family is secure and that he will have security and peace as a result of his efforts.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield.

Mr. FLOOD. With reference to that section of the bill known as Economic Aid, if we want these factory workers in Europe to build their own military matériel, is it not just as essential that the factory workers have fats and oils to survive and to work as it is for soldiers in the field to have the same economic and commodity aid?

Mr. RIBICOFF. Yes; and I would like to point something else out to the House. Basically, I suppose all of us in considering this legislation are acting for the national interest. When you talk about just military aid I think the House must realize that over a period of years, and certainly since the end of the war, our exports have exceeded our imports in a sum averaging \$5,000,000,000 a year. These people in order to buy the substance of our farms, and the substance of our mines and the substance of our industry have to have dollars. Where are they going to get them? They are going to get them in two ways: One, if we import goods from Europe so they can earn dollars; and if we do not then we give them the money the way we are doing it here. And let us be very, very candid with the American people and say what we are doing in legislation such as this.

These happen to be the facts of life. Now about this so-called technical assistance. It should be realized that there is a revolution in all of Asia and Africa today. It all has not been Soviet-induced. Sure, the Communists have fanned the blaze wherever there was a blaze. They are organized enough so that where a nation has a weak government and cannot cope with its economic problems the Communists come in and set up an organized minority ready to go, ready to take over the government.

Here we are in America with 155,000,000 people and 6 percent of the world's surface. The Communists have under

their control 800,000,000 people and 25 percent of the world's surface. I say to you it is important to have allies, that we need allies for the United States of America.

A bill such as this is for the national interest of the United States. A bill such as this says to the people of the world: "You are our allies. You are our friends. You people are with us." What we in the United States must recognize in this great international contest is that if we are going to continue successful we must make sure that the United States is not out-manuevered and out-powered by the Soviet Union.

We need a bill such as this. We need this authorization to make sure that America stays a going concern with its ideals and principles to posterity.

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from New Hampshire [Mr. MERROW].

(Mr. MERROW asked and was given permission to revise and extend his remarks.)

Mr. MERROW. Mr. Chairman, the Mutual Security Act is for the purpose of increasing the security of the United States by helping the members of the free world to strengthen themselves in the current struggle against the militant and aggressive policies of the Soviet Union. The report of the committee on H. R. 7005 states on page 7:

The justification for continuing substantial United States expenditures for foreign assistance is the maintenance of the security of the United States. In determining how much to spend and the way such expenditures should be made, an appraisal of the current danger from Soviet aggression is essential.

There has been no decrease in the danger of Soviet aggression. The United States must not relax in its defense efforts and our one hope for the avoidance of an all-out war is in becoming so strong that the potential enemy will not dare to launch an attack upon us. The fundamental principle of the Mutual Security Act is to augment the strength of the free world. This can be accomplished through our aid and by the self-help and the cooperation of the recipient nations. Our investment in foreign affairs is exceedingly high and in continuing to make available assistance, it is imperative to have assurance that all possible efforts will be exercised by those who are receiving our aid to strengthen themselves as rapidly as possible.

We are engaged in a world-wide struggle for survival. The unstable international situation is the result of the unwillingness and the absolute refusal of the Soviet Union to cooperate in establishing a peaceful and stable international society. The Kremlin in its vicious policies of expansion and domination is seeking to tyrannize the earth. It is necessary, therefore, for the free world to gird itself to meet this growing danger, and to protect ourselves from being overrun by aggressive militant international communism. Our trouble today is a direct result of the policies of the Kremlin. We are in the process of strengthening ourselves and strength-

ening our allies to meet this growing danger.

FOREIGN AID GIVEN BY THE UNITED STATES

In the summary of foreign aid by the United States prepared for the Committee on Foreign Affairs by the Clearing Office for Foreign Transactions, Office of Business Economics, Department of Commerce, we find that the net foreign aid in the war and postwar periods amounts to \$73,687,000,000. During the postwar period—July 1, 1945, through December 31, 1951—a total of \$32,716,000,000 was expended in net foreign aid. For the current fiscal year the Congress appropriated \$7,328,903,976. We are now considering H. R. 7005 which provides for an authorization of \$6,901,100,000.

The giving of so much assistance by one country to others is unique in world history. During the last few years we have expended over \$4,000,000,000 in Germany alone. Never before has a victorious nation spent so much money in assisting a defeated power. This huge spending in the postwar years represents great sacrifices and the pouring out of the resources of our people. Since the only way this money can be raised is by taxation, every citizen in the land is directly affected by this vast investment in foreign aid. Matters of foreign policy have become of vital interest to every person in the country.

MUTUAL SECURITY ACT OF 1952

H. R. 7005, the Mutual Security Act for 1952, the bill under consideration, provides for a total authorization of \$6,901,100,000 for the fiscal year beginning July 1, 1953. The difference between the executive request and the recommendations of the Committee is \$998,900,000. The committee reduced the request of \$7,900,000,000 by \$1,010,900,000, and then added \$12,000,000 for the children's fund. Thus, we arrive at a total reduction of \$993,900,000.

TITLE I

Title I of this measure provides \$3,316,000,000 in military assistance for Western Europe. The balances of prior appropriations unobligated on June 30, 1952, or subsequently released from obligation will continue available. The funds carried over may be used for original purposes. The subsequent authorization sections of the measure contain carry-over provisions. The original request for military aid under title I which covers Western Europe was \$4,145,000,000. Here the committee made a cut of \$829,000,000, or 20 percent.

The Executive requested \$1,819,200,000 for defense support in Europe including Greece and Turkey and for economic assistance to Austria and Trieste. The committee cut this item by 10 percent, leaving \$1,637,300,000.

Under section 3 of this title, Spain will receive not less than \$25,000,000 of the above newly authorized funds, as well as a carry-over of unexpended balances from the appropriation of last year. This is for economic, technical, and military assistance.

TITLE II

Under title II, Greece, Turkey, and Iran—subject to section 202 of the Mutual Security Act—and other countries of the Near East and Africa will receive \$606,370,000 in military assistance. Also the Near East and Africa are to receive \$55,000,000 in economic and technical aid.

Included in title II is \$65,000,000 for UN Palestine refugee relief. Also set aside is \$76,000,000 for immigration into Israel. If the funds authorized for these two items cannot be used, the President may spend the money in other sections of the Near East and Africa.

TITLE III

Title III provides \$611,230,000 for military and other assistance to countries in Asia and the Pacific. It also makes available \$408,000,000 for economic and technical assistance to the nations in this area.

Forty-five million dollars authorized last year for the United Nations Korean Reconstruction Agency is to continue available for authorization under this bill. The unexpended balances of funds from earlier appropriations are also made available. The Department of the Army is authorized to turn over up to \$67,500,000 worth of goods and services which may be charged against the United States pledge to UNKRA when the President determines such a contribution should be made. It should be emphasized that this is not new money, but represents Army money with respect to goods already in its pipeline.

TITLE IV

Latin America will receive \$62,400,000 in military assistance under this title. Twenty-two million dollars in technical assistance is set aside for Latin America including non-self-governing territories in the Western Hemisphere all coming under the Act for International Development.

TITLE V

Under title V, \$10,000,000 is set aside for the Provisional Intergovernmental Committee for Movement of Migrants from Europe—PICMME.

Two million eight hundred thousand dollars is provided for ocean-freight charges to carry out the relief-package subsidy program.

Seventeen million dollars is for multilateral technical cooperation, \$16,000,000 of which is for U. N. and \$1,000,000 for the Organization of American States.

A sum not to exceed \$12,000,000 is provided for the U. N. International Children's Emergency Fund between the passage of the bill and December 31, 1953.

GENERAL PROVISIONS

The committee decided that \$100,000,000 of the funds provided under this act may be supplied without conditions, with not more than \$20,000,000 going to any one country.

The Secretary of Defense may furnish without reimbursement military assistance up to \$1,000,000,000 out of Defense appropriations for materials of

war. This is not new money. Under this provision, Defense Department equipment is transferable to countries in the mutual-defense program.

The act also provides that not less than \$1,000,000,000 of military-assistance funds be expended for procurement of military end items from sources outside the United States. This is not additional money, but comes out of mutual-security military-assistance funds. This is the section that provides for offshore procurement.

The act stipulates that the director of this program is permitted to provide military and defense support and, in case of defense support, to furnish funds to NATO, the Schuman-plan organization, and the European defense community, if and when such a community is established.

Within 90 days of the enactment of this bill, the total number of United States citizens working on the program must be reduced at least 10 percent below the January 1, 1952, figure. It is estimated that over 1,000 employees will be affected.

The eligibility section of the Mutual Security Act of last year is amended by setting up further conditions. The Director is empowered to take suitable or appropriate steps to assure effective use by recipients of their resources, including fiscal and budgetary, for mutual security. The Director, in granting assistance, must take into account the progress made by recipient nations. This provision is fine, but I believe it does not go far enough and at the proper time I propose to offer an amendment to strengthen the entire section on eligibility.

The Director is authorized to initiate projects and assist in procuring and stimulating production of materials in short supply among the recipient nations. The purpose of this section is to reduce the drain on the resources of the United States.

The recipient nations must furnish the United States with counterpart funds to be used for purchasing materials in which the United States is deficient.

In carrying out the Mutual Security Act the Director must conduct a study on impediments to private investment abroad and must broaden the guaranty criteria. TCA is required to grant more private contracts to industrial firms. The Department of State is required to accelerate its treaty program relative to private investment abroad.

The equivalent of \$100,000,000 in counterpart funds must be used exclusively in stimulating the development of private enterprise.

Investment and informational media guaranties will continue after June 30, 1952.

Up to \$100,000,000 worth of defense support, economic and technical assistance funds may be used for subscription to the capital of the International Finance Corporation if such a corporation is created as an affiliate of the International Bank.

This in summary gives the principal proposed authorizations of H. R. 7005. I have also presented the general provisions of the Mutual Security Act. I believe the act can be improved by a further reduction in the authorizations and by the addition of stronger section setting forth reasonable and precise conditions to accompany American aid.

FURTHER REDUCTIONS

In my opinion the proposed authorizations may be reduced still further without impairing the effectiveness of the mutual security program. It is my belief that approximately \$500,000,000 more could be taken from the several titles without doing harm to the mutual security enterprise which we have undertaken. I have a feeling that this will help the program because such action would tend to require greater cooperative efforts and more self-help.

The United States is carrying a tremendously heavy burden in defense and foreign aid. During the fiscal years 1951 and 1952 we were spending for defense 13.7 percent of our gross national product. This percentage is far above our allies, the next being France at 9.8 percent. Furthermore, 2.2 percent of our population, or 3,465,000, are in the armed services. This is in excess of any other country, the closest being Belgium-Luxembourg with 1.5 percent. True, the United States is making available aid in terms of its own security, but our country is carrying an exceedingly heavy share, and if a substantial saving can be made without impairing our own security or the security of any other member of the free world, then it is our duty to effect the necessary reductions.

The committee, in considering the bill now before the House, made all of its cuts in title I. Title I provides military aid and defense support for Western Europe. The Executive request for military aid under this title was \$4,145,000,000. The committee cut this by \$829,000,000. The Executive figure for defense support under title I was \$1,819,200,000. This was reduced by \$181,900,000. The military aid and the economic and technical assistance in titles II, III, and IV were not reduced. It would seem to me that we could wisely make a further reduction in the proposed military authorization of title I and at the same time effect a percentage reduction in the authorizations proposed by the other titles.

MILITARY AUTHORIZATIONS

Seventy percent of the military funds provided in this bill are in title I. The measure proposes an authorization of \$3,316,000. Since this part of the program is the largest, it is subject to the closest scrutiny in proposing additional reductions.

In the first place, we should keep clearly in mind that the total military assistance appropriated since the beginning of the mutual security program is \$11,802,500,000. Of this sum \$7,894,300,000 will still be unexpended at the termination of the present fiscal year, June 30, 1952. During the fiscal year 1953 it is estimated that military expenditures will amount to \$7,714,000,000. This means

the carry-over at the inception of fiscal 1953 will exceed the estimated expenditures for that year. Furthermore, it is estimated that the unexpended balance on June 30, 1952, would be \$5,458,000,000 if the entire program is adopted.

There is nothing unusual in the above procedure since contracts can be signed only after funds have been appropriated. It takes a period of time to manufacture the end items. It requires nearly 2 years to construct an airplane after the order has been placed. It should, however, be made perfectly clear that a large part of the military money in this bill upon which we are now acting will have no effect upon deliveries in 1953. A major portion of the funds will result in deliveries during 1954 and later. Therefore, it is well to consider carefully the military provisions in this measure, since the effect of the authorization will be felt far in the future.

In reference to 1954 and thereafter, the Congress does not know, and no one else knows, exactly how many tanks, airplanes, and guns we will need to send to Europe. Europe is moving toward some degree of economic unification under the Schuman plan, and toward some degree of military unification under the plan now being considered for the creation of a European army. The contractual agreements with Germany have yet to be completed. All of this adds up to considerable uncertainty concerning the future course that European history is to take.

It is agreed by statesmen both in the Old and the New World that only by economic, military, and political unification will the Continent be able to stand on its own feet, and only by such unification will it be possible to develop sufficient strength for the protection of Europe. If progress toward unity becomes more rapid in 1953, it may well be that the production of defense materials in Europe will so increase that it will be unnecessary for us to continue to furnish large quantities of end items.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. MERROW. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. I have such a high regard for my distinguished friend from New Hampshire on this subject that I hope I misunderstand him. The gentleman, of course, is aware that an agreement has been made for a definite number of divisions, battalions of armored troops, and wings of fighter and bomber planes for the various signatory nations. The gentleman is aware that the proper authorities on matériel estimate how much it costs to get the light-tank battalions, the heavy-tank battalions, the fighter wings, and the various component parts. This course of authorization, to be supplemented by a budgetary appropriation, is predicated solely and entirely upon that military chart and that military estimate, per unit and per nation. The gentleman is not suggesting that because those forces are not in being other than by estimate you should not authorize now necessary funds to be appropriated and allocated if and when

they are born? Certainly the gentleman does not mean that.

Mr. MERROW. I would say to the gentleman that as far as I have been able to learn the military plans are firm through fiscal 1953, and the major part of these proposed authorizations will not have their effect until 1954 and 1955.

Mr. FLOOD. No doubt about that.

Mr. MERROW. Fiscal 1953 will not be affected by any military reductions that may be made.

Mr. FLOOD. No question about that.

Mr. MERROW. As far as the military plans and as far as the program is concerned for 1954, beginning in fiscal 1954, and thereafter, there is such a degree of uncertainty that I believe for two reasons we can well cut the authorizations. In the first place, there is a great deal of political uncertainty in Europe, and when we get back here next year the Congress will have an opportunity to look at the program again. In the second place, there is a provision in this bill that in the event of an emergency there can be a transfer of a billion dollars worth of end items from our own defense. Therefore, if we decrease the military authorizations, it will be an indication to Europe that we expect them to step up their own military production, and then in a few months when the situation becomes clearer as to the economic unification and the military unification of Europe, we can take another look at the program.

Mr. FLOOD. Then, of course, the gentleman means, and that is what amazes me because of my high regard for his understanding of this problem, what the gentleman just said in reply to my interrogation is this, that by this action of further reduction, you are reducing what you want these other nations to do in direct ratio to the cut that you are now making further in this bill. You are blowing hot and cold. You cannot do both.

Mr. MERROW. I am not reducing what I want the other nations to do.

Mr. FLOOD. Yes, that is what it means.

Mr. MERROW. I would like to see the other nations produce more end items so that the time will come when we will not have to be supplying them. Furthermore, if this program went through at the beginning of fiscal year 1954, which is nearly 2 years away, we would still have an unexpended balance of about \$5,000,000,000. That is programming exceedingly far into the future.

The CHAIRMAN. The time of the gentleman from New Hampshire [Mr. Merrow] has expired.

Mr. GORDON. Mr. Chairman, I yield 1 minute to the gentleman.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. MERROW. I will yield briefly, I would like to make another point, and I am sorry I do not have too much time.

Mr. FLOOD. I am in complete agreement with that analysis because it cannot be refuted. The point I make is that you are now saying to the military planners for the Nation, who you are insisting should plan further, that you will not permit them to make the plans that

you have asked them thus far and agreed that they make. You are now cutting them \$500,000,000 in Europe. Is that not so, may I ask the gentleman?

Mr. MERROW. No, this is not what I propose. I am asking for a cut in the entire bill of \$500,000,000.

Mr. FLOOD. I referred only to the military part of it at this point.

Mr. MERROW. Yes, I was talking about the military. Now, if I have time, I would talk about the rest of it. But, what I am saying is that we can make a further cut in the military authorization in title I, which will not interfere with the effectiveness of the program because the plans for 1954 and 1955 and thereafter are not firm. There is no doubt of that.

Europe should realize that somehow the problems in connection with developing unified efforts must be solved since the United States cannot continue economic and military aid indefinitely. In view of the great uncertainty in 1954 and in 1955, it is exceedingly difficult to forecast what will be needed and by authorizing great sums of money which will not effect deliveries until 1954 and 1955, it could be said that we are actually making available huge sums before plans are fully crystallized.

The program presented to the committee is for fiscal 1953 and not 1954. True, we know what the Lisbon commitments are. These commitments are for 1953 not 1954. We are being asked to vote money to be spent in 1954 in consideration of commitments as to what the countries who get the money will do in 1953. There is no definite program for 1954 and thereafter.

CUT IN MILITARY WILL NOT ENDANGER PROGRAM

It may be argued that if we do not appropriate all the funds requested at the present time, to that extent we will interfere with future deliveries of planes, tanks, and other items under the mutual security program for 1954 and 1955. However, under the prevailing circumstances, it does not seem to me that this is a strong argument for not reducing the military expenditures in this measure. In the first place, our domestic defense program is sufficiently large to keep our factories in operation until we see what Europe actually requires in 1954 and thereafter. It is my hope, and I am sure it is the hope of everyone interested in this program, that the nations on the Continent will soon be in a position to manufacture their own defense equipment, thereby saving the American taxpayers billions of dollars.

The measure we are now considering authorizes a transfer from United States production up to \$1,000,000,000 if in the opinion of the Secretary of Defense an emergency should develop. In this connection let me make it perfectly clear that even though we have reduced the executive request for foreign aid in this measure by \$1,010,900,000, we have by the transfer provision given permission to take \$1,000,000,000 worth of defense items from our own defense production for mutual security countries. We have saved \$1,010,900,000, but technically we have reduced the amount available for foreign aid by only \$10,900,000.

The Congress will be in session next year and if it is then clear that in the interest of national security there must be further foreign aid to provide for deliveries in 1954 and thereafter, we can take another look at the mutual security program.

I am convinced that in making additional cuts we will not hurt this program, but on the contrary it will be strengthened for two important reasons—reductions in expenditures will improve the position of our own economy and such cuts will be an indication to the recipients of our aid that we expect an acceleration of effort in order that they may become increasingly more self-sufficient.

DEFENSE SUPPORT

The original request for defense support in this bill has been reduced by 10 percent. The defense support, included in title I, is for the original NATO countries plus Greece and Turkey, now a part of NATO. Defense support has a direct relationship to military production. It is axiomatic that a strong European economy, individually and collectively, is the foundation for an adequate defense. It can be argued that insofar as the economy suffers to that extent will defense production be retarded.

It is estimated that for fiscal 1953 the defense expenditures of eight European NATO countries and Germany would be \$13,949,000,000 with defense support, but without defense support the military production would fall to \$10,620,000,000. I realize that all of us are anxious to end economic assistance, but to be perfectly realistic economic and defense support is a vital part of the total European defense effort. We have succeeded in strengthening the economies of the several European countries. We would like to see much greater progress in their collective efforts to create a sound continental economy. It seems to me that the committee action in not reducing defense support by a greater percentage is sound policy.

COMMITTEE REPORT ON ECONOMIC PROGRAM

In connection with the economic program the committee report has some very pertinent paragraphs which are well worth our consideration. Commenting on the \$1,637,300,000 authorization by this measure are these words; on page 46:

These funds are to be spent for the imports which the countries of Europe require in order to carry out their military commitments.

Europe is a great workshop possessing highly developed manufacturing plants together with skilled workmen and a highly developed technology. Normally the industries of Europe concentrate on producing for export in order to pay for the imported raw materials and foodstuffs which are obtainable in other areas of the world.

It is essential to the defense program that the industries of Europe be converted to military production. The industries of the United States do not have the capacity to produce all of the equipment required by European forces in addition to that required by our own troops. Furthermore, it is essential that Europe produce for itself so as to relieve the United States of financing as much of the European defense program as possible.

Europe finds itself with little surplus manufacturing capacity to put into military

production while leaving normal production for export undisturbed. The European countries were just reaching the point where they could finance their own imports as a result of the Marshall plan. They should and have tightened their belts, but the only way they can produce airplanes, tanks, and weapons is to curtail their production of machinery, automobiles, and electronic equipment for export.

The people of Europe who work in the factories which turn out military end items have to eat imported food and wear clothing made from imported cotton in just the same way they would if they were engaged in export production. The difference is that exports have to pay for the food and clothing required.

As a consequence, the countries of Europe face this dilemma: If they convert from production for export to production for defense without outside help, they cannot feed and clothe their people. These countries are already so much in debt that borrowing is impossible. Their reserves are at the minimum limit. If they do not get United States assistance to pay for necessary imports, they will have to reconvert to export production to keep going.

This is no reflection on the patriotism of the people of Europe or their determination to resist aggression. They must export or die. We do not want their military production to be merely a byproduct of their export production. We face an emergency, and it is in the interest of the United States that they use all possible facilities for the production of arms and military equipment.

The defense-support program has been worked out specifically to meet this situation. The amount of assistance planned for each country has been adjusted to the amount necessary to permit it to do its defense job after taking into account its capacity for military production and making sure that each has tightened its belt to the limit. As a further assurance on this latter point the committee has recommended a 10-percent cut of the defense-support item.

An important part of the defense-support funds will be used to pay for raw materials and machinery used directly by the factories producing military end items in Europe. It would be futile, however, to limit the use of United States funds to such purposes. Each country has more dollars derived from its own exports to spend for imports than the dollars it receives in the form of grants from the United States. Consequently, if it was provided that defense-support money should be used only for copper, machinery, and items going directly to arms factories, the recipient countries would merely buy less of these items with their earned dollars and divert the dollars thus saved to the procurements of wheat and cotton.

It is important that Europe build up her military production as rapidly as possible. After the armies have been supplied, it may not be necessary to keep the military production on such a high level. By adding to the capacity of the European productive system, the time will come when the Continent can manufacture both for defense and for export. Then defense support will be unnecessary.

We have already made a 10-percent cut in defense support. By continuing defense support we will help produce the required expansion of European industry. If industry expands, the need for economic assistance will certainly decrease. We must work toward the end of American foreign aid, but for the present time it would seem to me that too great a cut in defense support would gravely hamper European military production

and could well tend to defeat the objectives which we have in mind.

TITLES II, III, AND IV

I would suggest at least a 10 percent cut in these titles, both economic and military. All the reductions should not be made in the first title of this bill. A 10 percent cut in the other titles would amount to a saving of \$190,600,000.

The military programs in Greece, Turkey, Formosa, and Indochina are well organized. They are not subject to organizational uncertainties such as exist in Europe. A comparable heavy cut in these areas would not be warranted. The economic and technical assistance in these countries is chiefly devoted to assisting undeveloped nations where there is considerable political unrest.

A 10 percent cut will not retard the program and furthermore since we expect these countries to help themselves, it could well have a most salutary effect in bringing about an increase in their efforts. After all is said and done, a rise in the standard of living in undeveloped areas is largely dependent upon the efforts of the local populations.

The United States cannot continue indefinitely to spend its resources in all sections of the world. Billions upon billions have already been expended in foreign aid. It is time that the entire program be given the most careful scrutiny and that all those we are helping do their utmost to assist themselves. The Treasury of this country is not inexhaustible and any saving we can make in this program will strengthen our own economy which in turn means strength for the free world.

In the countries outside of NATO we have two programs—mutual security program and TCA. The economic aid given under the Mutual Security Act must be justified in terms of its military effectiveness. The technical assistance programs are for the implementation of point 4 and are designed to increase the standard of living. There is a grave question as to how much development is actually taking place in backward areas and until we are more certain of results and of the accomplishments of both the mutual security program and the TCA program, it is well for us to be somewhat cautious in the spending of American funds. A 10 percent reduction in these titles will amount to a saving of nearly \$200,000,000 and will not, in my opinion, impair the program.

NEED FOR MUTUAL SECURITY

I have consistently supported foreign aid, both economic and military. It is my sincere belief that in the interest of United States security it is imperative for us to assist our allies in this struggle against international communism which is supported by the militant and aggressive policies of the Soviet Union. I am convinced that proper reductions and the insistence upon certain reasonable and precise conditions will strengthen this joint effort. In making available foreign aid we must keep constantly in mind our own capacities and the capacities of our allies in helping themselves and in giving greater cooperation in the achievement of mutual defense. The United States is ready and

willing to do everything in its power by way of leadership and by extending help to increase not only its own strength but the strength of its allies as we gird for the greatest contest which free men have ever faced in history.

Our problems must be faced with courage, determination, and statesmanship, constantly keeping foremost in our minds that upon the soundness of our own fiscal condition depends the future existence of the free world and upon the strength of our economy depends the outcome of the life-and-death struggle for survival against the destructive and sinister forces of international communism led and inspired by the Soviet Union.

Mr. GORDON. Mr. Chairman, I rise in support of the mutual security bill now before the House. To me it is a part, and an important part, of our national defense. It is mutual security, and I stress those words, that strengthens both ourselves and our friends in the face of Soviet imperialism.

Because I favor this principle does not mean that I cast my vote without adequate evidence to support this measure. The Committee on Foreign Affairs, of which I am a member, sat for more than 6 weeks every day, sometimes twice a day, to hear witnesses. More than 40 witnesses testified. Each of them was subjected to a thorough examination by the members. We asked for an analysis of the present world situation—area by area, country by country. We requested a justification for every item that appears in this bill. We heard military, political, and economic experts. The printed hearings on this bill cover more than 1,100 pages. In addition, several hundred pages contain highly classified information. I mention these details only to show that we have conscientiously discharged the responsibilities this House has placed upon us. When it came time to mark up this bill, no one who followed the testimony could plead a lack of information. I am convinced that the committee has strengthened the original bill. I can support it without reservation.

What are the bases of the mutual security program? As I see it, they are really four in number:

First. The security of the United States is part of the security of the free world. The United States cannot achieve lasting security by its efforts alone. It must act in concert with other free nations. The United States relies on other nations for resources necessary to its own security. Economic and military power of the free world together is far greater than of the United States alone.

Second. The objective of the United States is to build strength in the free world, both as a deterrent to Communist aggression and as a positive force for the fulfillment of the aspirations of free peoples. This means the building of the free world with enough military strength to deter external Communist aggression and the building of economic, political, and moral strength sufficient to remove threats of Communist subversion and point the way to progress so urgently desired by many people. These

forms of strength are indivisible. Military strength alone cannot do the job. Economic, political, or moral strength alone cannot do the job. Together they provide the means to withstand Communist aggression and to provide the hope that gives the will to resist and the faith in free institutions.

Third. The mutual security program for the coming year is necessary if the common effort is to be successful. If we are to expect others to devote their resources to the task at hand, we must be prepared to devote our own resources in appropriate measures.

Fourth. The United States can afford the Mutual Security Program. The costs involved, I am convinced, are within the economic capacity of the United States. The cost is a part of the security program of the United States, which is a legitimate first charge upon our resources. Most of the money in this bill is for the advancement of the program in Europe. The Members may properly ask what our goals in Europe are. As I see it, our major goal in Europe is to provide a military build-up as rapidly as possible through a total defense effort, military and economic. Our allies of the North Atlantic Community and ourselves met in Lisbon to determine what the goals for the current year should be and the projecting of forces in 1953 and 1954. The plan worked out at Lisbon calls for a combined defense effort of all the NATO countries during this year. It will provide the following forces: 50 divisions, about half of which are to be in a state of combat readiness, and the balance in rapidly mobilizable reserve units; 4,000 combat aircraft, together with necessary airfields, supporting installations and communications systems; 700 major combat vessels, and 925 smaller types of vessels. I would remind the Members that these sizable numbers do not include the forces of Greece and Turkey, now members of NATO. The forces of those countries will be integrated into NATO defense planning to perform their proper roles.

What will the United States contribute to the European defense build-up in this next fiscal year? An examination of this bill reveals that our contributions to Europe will take four principal forms: military end-items produced in the United States; military end-items produced in Europe under the offshore procurement program; military training and technical program; and defense support assistance to European economies, such as commodities, machinery, raw materials.

This last form of contribution, defense support, is a matter of some confusion to many people. Defense support takes the form of raw materials, equipment, and commodities which Europe must import in order to expand its production to the extent necessary to sustain the desired level of military effort. Some people argue that defense support is just another name for the Marshall plan. The increased production under the Marshall plan went mostly to expand civilian consumption and investment. The increased production under the Mutual Security Program goes mostly

to expand European defense programs. It is the difference in the end result of the two programs that explains the difference in the names. In the analyses presented to our committee it was made clear that the more than \$1,000,000,000 defense support spent in Europe would enable those countries to increase their military contributions by about \$3,500,000,000. To me this looks like a good investment.

The emphasis that we are giving to Europe in this program is not at the expense of Asia, the Near East, or Latin America. These countries, particularly in Asia, are also under Communist threat. The free nations of that area are holding the line against aggression in Korea and Indochina. They are battling Communist-inspired disorders in Burma, Malaya, and the Philippines. The loss of any of these countries would mean the loss of freedom for millions of people, the loss of vital raw materials, the loss of points of critical strategic importance to the world. Much of the money contained in this bill will be devoted to strengthening those areas.

At the same time that we are giving assistance in the military field we are also giving economic and technical assistance to help friendly countries in building the kind of strength that comes through finding solutions to problems of disease, illiteracy, inadequate food, and economic underdevelopment. These conditions would exist even if there were no Soviet threat to peace, but militant Soviet communism exploits the turbulence in these areas. Positive measures and speed are necessary. In the Near East our programs are designed to assist responsible leaders, orderly reforms, and development in which the energies of the people can find constructive expansion. We are assisting the countries of Asia to establish strong and stable governments. In Latin America we are assisting countries to raise living standards and overcome the weaknesses of their economic structure that contribute to political and economic instability. We are doing these things by providing assistance where the need is urgent, by providing trained people to work with the people in those countries at the grass-roots levels. This is where action can be effective, where "know-how" and "show-how" attack urgent problems at their sources. The funds for these types of assistance are relatively small compared with the European defense program, but the importance of what must be done and what can be done is not comparable in dollar amounts. The effect is what counts. The programs of these areas are tailored to the needs, the priority of the problem, and to the most effective method of getting at it.

If we do not support this program, we then have to consider alternatives to it. One choice is to withdraw to our own shores and gamble our national safety on air and naval power. A glance at some of the vital materials that go into our air and naval power shows how self-defeating this would be. Manganese, tin, and chrome, all essential to our own military effort, come from outside the Western Hemisphere. Should we turn our

backs on the rest of the world, these and other precious resources so vital to our own security would not only be lost to us but, what is more important, would probably be added to the military strength of the Soviet empire. Without our friends abroad the threat of aggression would move close to our own shores.

Another choice is to limit this program to the provision of finished military equipment made in this country. This would mean that the relatively small sum marked for defense support would be eliminated. This is the most expensive choice and the one least calculated to bring lasting military strength. A military force could be built on equipment from the United States but—and this point is most important—this means that the United States must continue to support and maintain its own Military Establishment plus a military establishment of the European countries. Defense support is the most economical in terms of the end results.

Still another choice that lies before us is to limit our assistance to a combination of military end-items and the necessary support to develop and maintain them. But arms alone do not satisfy the aspirations of people whose demands for change bring economic, political, and social insecurity. To focus our efforts on military-assistance programs alone is to invite the dangerous risk of undermining the bases upon which security rests.

Mr. Chairman, for these reasons I am convinced that the bill before us points the direction and gives the emphasis to the type of assistance we can best afford to give and which our friends can best afford to use. I urge the Members to vote favorably on this bill.

[Mr. LANHAM addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. SMITH].

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Wisconsin. Mr. Chairman, the time I shall consume will be in discussing the philosophy behind this legislation rather than a consideration of the matter of cuts or the technical phases of it. I was very much interested to hear the gentleman from Connecticut [Mr. RIBICOFF] state that we are a hated people in many parts of Europe. It seems to me that that is one of the things we should take into account as we consider this legislation because, after all, we are trying to help nations who will be friendly to us. It is rather difficult for me to support this kind of legislation when we know that we are not building the thing we want to build, namely, a defense against communism.

OUR FOREIGN POLICY A COMEDY OF ERRORS

Mr. Chairman, the legislation before us involves foreign policy. It is certain to be an issue in the coming campaign. My position is well known by every Member of this House. I am absolutely

against it because it has failed. I refuse to follow a leadership that is once again getting us dangerously involved in international affairs which might well precipitate world war III.

So that there will be no question about my position, I am serving notice that I wholly disagree with a member of the Wisconsin delegation in the other body who recently stated that, notwithstanding the mistakes of the present administration, he was ready and willing to follow its foreign policy.

He is further reported to have said, Mr. Chairman, that he would oppose any Member of Congress, in either party who would unjustifiably attack the foreign policy of this administration. Just what he meant by that statement I do not know, but obviously we are at opposite ends of the pole in this matter. This in no way affects our personal friendship as we can disagree without being disagreeable.

Mr. Chairman, the issue in foreign policy is not one of personalities, the only question is what are the foreign policies of this administration doing to and for our country? This involves a matter of leadership—Democratic leadership under our two-party system, if you please—which some people contend is a bipartisan matter. I deny it is or ever has been bipartisan. Whatever it is—as we look at the record since 1938, it has resulted in a comedy of errors. It has lost the peace; it has lost China; it has lost the war in Korea at a cost of 115,000 casualties; it has lost the friendship of 500,000,000 people in Asia; it is losing the friendship of 200,000,000 Moslems in the Middle East and North Africa; it slaps Franco in the face but embraces Tito in a mighty bunny-hug; it attempts to stop communism on a 500-mile front in Europe yet the dangerous perimeter is 20,000 miles long. Indecision, instability and inconsistency have marked our foreign policy and it is driving this country to the verge of bankruptcy and the people to utter despair. We have fewer friends today than ever before in our history.

This legislation is to support the NATO military alliance, continue economic assistance, under the guise of military support and technical assistance. It is not a new scheme to shear the innocent taxpayer in this country but the continuance of an old one. How long will it continue? Neither Harriman nor Acheson would venture a guess but if the planners in the Department of State and Harriman's hired hands prevail it will be a long, long time.

Mr. Chairman, a year ago, I stated that this foreign spending program was not succeeding. I charged that it was the wrong approach to the Communist threat because it was based on the use of force—guns, tanks, planes, and bombs. Further, that the people of Europe and Asia were fearful that our objectives would lead to more war and a lower standard of living. That fear persists today.

At that time, Mr. Chairman, I did not think that today I would find myself in distinguished company. I ask your indulgence while I quote excerpts from

recent addresses by John Foster Dulles, Republican, and Justice William O. Douglas, Democrat. This is a nonpartisan approach to the important issues raised in the bill before us.

On May 12, Mr. Dulles in an address on the subject Foreign Policy Needs said in part:

With nations, as with men, money is no substitute for character. Our Nation today is spending fabulous sums for security. The target this year is about \$60,000,000,000. We have given away, in one form or another, about \$40,000,000,000 since 1945. If money could buy security and happiness, we should have them. Yet we have them not. Today we are insecure, we have less good will than ever before in our history, and our people feel a sense of frustration.

"We are insecure, we have less good will than ever before" and this from a man who has been an ardent advocate of some phases of the administration's foreign policy. Here is the admission, yes, a confession, that the purpose in support of this legislation—our own national security—has not been achieved. "Unlimited spending should have purchased security and happiness," says Mr. Dulles, "yet we have them not." Thus he has kicked out the props from under this legislation.

Mr. Dulles, then points out that even though we have joined the United Nations and other international organizations, they have not succeeded. This is what he said:

However, we would not be honest with ourselves if we did not admit that today large numbers of our people feel disillusioned and unhappy about these collective organizations. They went into them with great hopes and they have seen our Nation spend on them large sums. Now, it seems that the original estimates on which our Nation proceeded were miscalculated because the peril, which it was said would be removed, persists unabated.

"The peril persists unabated." If that is true how can the proponents of this bill now say this program has been successful?

Now listen to this further indictment that Dulles makes. He says:

Nothing which we have done tackles the No. 1 problem which is that of checking further Soviet aggression everywhere without such vast unproductive military expenditures as would destroy the very values we are trying to protect.

Mr. Chairman, many Republican Members of this House have taken the floor and have made the same charges that I have read from the Dulles address but we have been called isolationists and with giving aid and comfort to our enemies. Those charges, I assure you, will not deter us in the future when the welfare of our country is at stake.

Proof is piling up everywhere, Mr. Chairman, that our pushing for a gigantic military program is causing some alarm in both the East and West. As to that, Mr. Dulles says:

But we must bear in mind that our growing stockpile of atomic weapons subject to our unpredictable use or abuse, is not everywhere reassuring and indeed, in some respects it helps Soviet communism in its political warfare. The hard truth is, as my recent visits, in both East and the West have made clear to me, that many of the peoples

of the world have less fear of the Red Army than fear that the United States may rashly precipitate atomic warfare, against which their population centers are utterly defenseless.

Mr. Chairman, every time this administration undertakes a spending program it cries "Wolf." It uses a fear technique to arouse the people in supporting its policies. Mr. Dulles said something about that, too:

As it is, we live through what is represented to be a series of crises. The assumption appears to be that the only emotion that will cause us to act is fear. The Congress and the people are constantly being told that unless we take emergency action, a terrible catastrophe will shortly befall.

He then pointed out that we were told in 1948 that 1950 would be the critical year. In 1950, that 1952 would surely be the dangerous year. Now we are told, 1954 is the one to prepare for. His answer to these arguments is:

I can see no more reason to assume that they—

Soviets—

plan to make open attack in 1954 than in in any other year, past or future.

Justice Douglas, a Democrat and high in the councils of his party, openly challenges the military aspects of our foreign policy. In an address before a forum in Philadelphia last March, he minced no words. He charged that this country is drifting in the direction of repression, drifting dangerously fast.

This is caused—

He said—

by the fact that we carried over to the days of peace, the military approach to world affairs. Diplomacy in our relations to Asia took a back seat. The military approach conditioned our thinking and our planning.

This leading Democrat also charged that our policies were not directed toward the people whose friendship is so greatly needed but rather toward those particular areas where we could setup military bases. Here are his words:

We forgot that democracy in many lands is an empty word; that the appeal is hollow when made to illiterate people living at the subsistence levels. We asked them to furnish staging grounds for a military operation whose outcome, in their eyes, had no perceptible relation to their own welfare.

This was the result of our military thinking, of our absorption in military affairs. In Asia, it has brought us the lowest prestige in our existence.

The military effort has been involving more and more of our sons, more and more of our budget, and more and more of our thinking. The military policy has so completely absorbed our thoughts that we have forgotten that our greatest strength, our enduring power, is not in guns but in ideas.

Today in Asia we are identified not with the ideas of freedom but with guns. Today at home we are thinking less and less in terms of defeating communism with ideas and more and more in terms of defeating communism with military might.

He then called attention to the fact that, notwithstanding enormous expenditures "Soviet imperialism continues to expand and that the expansion proceeds without the Soviets firing a shot. The free world continues to contract with-

out a battle for its survival having been fought."

It becomes apparent—

Says he—

as country after country falls to Soviet imperialistic ambitions, that military policy alone is a weak one; that military policy alone will end in political bankruptcy and futility. Thus fear mounts.

Mr. Chairman, I have quoted at some length statements by two great Americans who say that the major phase of this legislation—the military—will not meet the issue of communism. There is a very great need for a new approach and it is the duty of our committee to undertake such a study. Our attention should be directed to the well-being of people and not to bankrupt socialistic governments. Our concern should be in higher standards of living for people in those areas where communism is expanding.

Mr. Chairman, at this point I shall address my remarks to the money requests in this bill. The asking figure is \$6,901,100,000 and for all practical purposes approximately seven billion dollars. If the information submitted to the committee is correct there is no need to authorize or appropriate any additional money for this global give-away program.

In a memorandum prepared by the committee staff on fiscal status of mutual security funds as of March 31, 1952, there are two interesting tables. I shall refer to the one relating to expenditure data. The information contained in the tables was prepared by the Comptroller, Office of the Director for Mutual Security, May 7, 1952, so obviously, it is up-to-date information.

According to that table the net cumulative funds available through fiscal year 1952 were \$26,063.4; cumulative expenditures, March 31, 1952, \$14,700.7; unexpended balance, March 31, 1952, \$11,362.7; estimated expenditures, April 1, 1952, through June 30, 1952, \$2,417.6; unexpended balance, June 30, 1952, \$8,945.1.

Now there must be added to the unexpended balance, the amount carried in the bill before us, which is \$6,901.1; and United States military transfers, \$1,000.0; plus, military expenditures overseas, \$1,052.0; total, \$8,953.1; plus, unexpended balance above June 30, 1952, \$8,945.1; total available for expenditures for 1953, \$17,898.2; less, estimated expenditures, 1953, \$10,345.7; unexpended balance, June 30, 1953, \$7,552.5—above figures in millions of dollars.

If my computation is correct, there is no justification to support the full amount requested.

In this connection, I call attention to the position that has been taken by the Chamber of Commerce of the United States which heretofore has always supported the foreign-aid program. In a report issued by the Chamber on April 28, by the Director of Economic Research, Mr. Emerson P. Schmidt, the National Chamber of Commerce takes the position that I do—that because of the unexpended balance available, there is no need for any additional appropriation. On page 7 of its report, the Cham-

ber recommends "that the Congress authorize no more foreign aid for fiscal year 1953."

It is well to keep in mind, Mr. Chairman, that it is not what we authorize or appropriate but what can be produced in the way of material needs to support the program. Real production has not been forthcoming and if the total average for expenditures for 1953 of \$17,898,200,000 is correct and if the Mutual Security Administration intends to spend \$10,345,700,000, then the unexpended balance as of June 30, 1953, 1 year from now, would be \$7,552,500,000.

Mr. Chairman, proponents of this give-away scheme paint rosy word-pictures about the success of our efforts to remake the military and economic life of the NATO countries. They point to the Schuman plan, the so-called European Defense Community—still to be organized—the North Atlantic Treaty, and Lisbon Conference. They close their eyes to political unrest in Italy and France where the Communists hold a balance of power and existing governments are in constant jeopardy. They refuse to face up to the facts of life in the German situation. They ignore facts that indicate the people in Western Europe are resisting rearmament because of the drift to a lower standard of living; they cannot buy more guns and bread, too. Our insistence and persistence to rearm those countries is unmoral. It will not win the battle against communism.

Bertrand de Jouvenel, a French writer said quite recently that the Europeans should naturally want military aid but in fact do not.

And they want it—

Said he—

all the less because it is urged upon them from the outside.

This writer clearly points out that the assumption of leadership by the United States in the defense of Europe has blinded the bulk of European society to political reality. They are asking the question, "How far shall we contribute to the American effort in Europe?"

We must remember that Europe faces the problem of rearmament, plus obligations now imposed by the welfare state. There is quite obviously a tax burden that must be imposed by political leaders who refuse to assess the necessary taxes and take the attitude that the United States will pay the bill.

Mr. Chairman, it was recently pointed out from 1945 to 1952, France received four billions worth of American aid. The Governor of the Banque de France has reported that gold and hard-currency banknotes have been withdrawn from circulation and clandestinely hoarded by panicky Frenchmen. The people have lost confidence in their government. Twenty billion dollars of French money is now out of circulation. Is it any wonder the French economy is shaky? And so long as American taxpayers pour their dollars into France there is no need to use French money. How simple can we be and how long will we stay that way?

Mr. Chairman, the plain people in Europe are sick to death of the very idea of

another war. They do not want another war and they will not pay the cost of rearmament. Yes, the diplomats and the generals profess there is the will to rearm and to fight but the unvarnished facts are that they fear our military program more than communism.

Walter Lippmann has said that our insistence on the formation of a European army must be dropped and that a political settlement between France and West Germany must be put ahead of everything else.

Last February, Mr. Dulles, in a speech in Iowa that did not receive much publicity, charged openly that our policy to contain Russia in military terms "is a self-defeating policy." The way out as he saw it then or the alternative to present policies is "enlightened economic policies that will enable free peoples by orderly methods, gradually and peacefully to improve their domestic conditions and to end any threat of violence that is genuinely domestic."

Mr. Chairman, our present foreign policies are promoting a western European community based entirely on war. We have ignored the necessity of creating a sound political climate. Our strategic concept is to deter and defend. We can neither deter nor defend in the foreseeable future in spite of the NATO enthusiasts if the Russian military machine starts to move.

Mr. Chairman, Europe cannot afford the NATO war formula. The British Board of Trade figures for January show a British trade deficit still running at \$3,000,000,000 a year and that of the entire sterling area of about \$2,000,000,000. At that time they only had \$2,000,000,000 of sterling available and that is getting pretty close to the bottom of the barrel.

It is little wonder, Mr. Chairman, that the British Labor Party has been needing the Churchill government. The Prime Minister in Parliament has admitted that Bevan was right when he charged that his government could not afford the American rearmament program.

Mr. Chairman, it has been no pleasant task for me to take this floor and speak out against the legislation that is before us. But I cannot remain silent and live with my own conscience.

I respectfully suggest again, Mr. Chairman, to the majority party that the time has come to reconsider the basic assumptions on which our present foreign policies rest. Republicans are ready to help and much can be accomplished around the conference table. As I see it, we can approach our problem by: First, considering a foreign policy of well-defined aims, which will, second, adhere to the basic principles upon which our Government was established, with special emphasis upon, third, assistance to self-help through private productivity, where it is requested. Human beings everywhere can solve their own problems where governments do not interfere. Men are made that way.

Mr. VORYS. Mr. Chairman, I yield such time as he may require to the gentleman from Illinois [Mr. McVEY].

Mr. McVEY. Mr. Chairman, I am arising in opposition to this bill. It car-

ries the label "The Mutual Security Act of 1952." The title is attractive and to a certain extent impelling, if we do not look beyond the immediate implications. It provides for an expenditure of \$6,901,100,000 to be used in assisting other nations in meeting their economic and military responsibilities. The purpose is laudable, there is no question about that. To say that this large expenditure would serve no good purpose would indicate utter disregard of the truth. Certainly it would be helpful to other countries.

There comes a time, however, when we cannot continue such huge expenditures without seriously disrupting our own economy. To my way of thinking, that hour has now arrived. Some of the money we have been appropriating for foreign-aid purposes has gone to countries whose fiscal status is in much better condition than our own. This is particularly true in the case of many of the countries of South America.

It is incumbent upon us at times to take stock of our own financial situation. In the statistics given out a few months ago by our own Department of Commerce and confirmed by the Library of Congress, the purchasing power of our dollar has declined, in terms of the wholesale price index, to approximately 44 cents, using the years 1935-39 as a base—not 1932 but 1935-39. When calculations are made in terms of the Consumers' Price Index, the purchasing power of the dollar is approximately 54 cents.

No matter what index is used, the dollar has declined almost one-half in the last 12 years. Should this decline continue in like amount for the next 12 years, our dollar will hardly purchase a newspaper. What then will be the position of those who are depending upon their pensions, their social-security payments, or other retirement allowances for support during the time when earnings will have ceased? What will have happened to the value of the life-insurance policies into which so many thrifty individuals have placed their hard-earned money?

But, you say, these thoughts are ridiculous. Are they? The lessons of history should be our guide in our thinking on this subject. No nation has been able to survive with a sound currency that has followed our practice in regard to deficit spending year after year. During the last 20 years, we have indulged in deficit spending in the amount of \$222,000,000,000; we have balanced the budget only 3 years in 20—and two of those years are to the credit of the Eightieth Republican Congress. Deficit spending furnishes the fertile soil from which inflationary spirals spring, and our President has proposed a budget that will add \$14,000,000,000 to a public debt which is now almost twice that of all the free nations of the world combined.

Our national debt is now approaching \$260,000,000,000. This Federal debt is 85 percent greater than the combined debts of all nations, excluding China, Russia, Iraq, Lebanon, Algeria, Yugoslavia, Hungary, Germany, and a few other areas for which no public statistics are available. We propose to collect

in taxes this year approximately \$71,000,000,000, which is only slightly less than the total tax burdens of the remaining free nations.

Taxes paid during the 156 years of our history, beginning with the year 1789 and ending with the death of Franklin D. Roosevelt on April 12, 1945, amounted to \$245,000,000,000. The present administration collected between April 13, 1945, and January 31, 1952, a total of \$275,000,000,000. In other words, the Truman administration, prior to January 31, 1952, had collected \$30,000,000,000 more in taxes than all the Presidents that preceded him. Now, we are told, this is not enough—that we need more—and that we shall face a deficit of approximately \$14,000,000,000, if the President's recommendations, in his budget for fiscal 1953, are followed.

There is much danger ahead of us if this huge spending program, and especially the deficit-spending phase, is not curtailed. When I was in Germany, before it entered its inflationary spiral, the German mark was worth about 25 cents. I received four of them in exchange for one American dollar. After Germany had gone to the end of the road in her inflationary spiral, I bought a billion German marks for a dollar and a half. I was in France, also, when she had a sound currency, and the French franc was worth approximately 20 cents. The exchange there gave me 5 francs for an American dollar. On November 19, 1952, the black market in France quoted the exchange on the franc at the rate of 480 for an American dollar, although our own dollar is worth only about half what it was a few years ago. The wholesale price index in France increased 1,917 percent between 1939 and 1949.

Much has been said about losses suffered during the bank-closing which occurred during the depression of the early thirties. I do not propose to minimize those losses. They were severe and worked great hardship upon many individuals. The loss through bank-closings has been set at \$116,565,524. Do you know how that figure compares with losses sustained by reason of the decrease in the purchasing power of the American dollar? The value of life insurance policies, time deposits, and E, F, and G savings bonds has depreciated \$1,901,000,000 since the year 1940. This is approximately 60 times the losses suffered in the bank closings which attracted so much attention. The latter erosion in values has taken place gradually over a period of 12 years, and little consideration has been given to it. But it is there just the same, and represents one of the greatest calamities that has ever been perpetrated upon an unsuspecting people.

Now why is the subject of deficit spending of importance in the debate on this measure before us today? It is important because much of that deficit has been created through our efforts to help the rest of the world. We have appropriated for foreign aid since we began our lend-lease program prior to World War II approximately \$97,000,000,000. Certain credits must be deducted from that amount, but the books

show that during the period beginning in 1938 and ending March 31, 1951, the net foreign aid provided was \$69,899,000,000. To this, must be added \$7,329,000,000 appropriated during the last session of the Congress—making a total of \$77,228,000,000.

This is a sizable sum and while there is no gainsaying that the aid extended has been very helpful to other countries, the time has come, in my opinion, when we must call a halt if we wish to save our own country from disaster. One purpose of foreign aid was to help the countries of Europe recover from the serious effects of World War II—a very worthy motive—much of their industrial potential was greatly damaged by the ravages of war, but the index of production in those countries is now far ahead of pre-war. In proof, I present the following figures taken from the thirteenth report to the Congress of the ECA, page 17:

Production in Atlantic Pact nations (using 1937 production levels as 100 percent)

Austria.....	157
Belgium.....	146
Denmark.....	163
France.....	143
Greece.....	130
Italy.....	139
Netherlands.....	147
Norway.....	156
United Kingdom.....	158

Another factor which has a bearing on the appropriation for foreign aid which is before us today is the balance remaining over from previous appropriations at this time. The latest figures available are as of September 30, 1951. At that time, foreign aid unexpended funds amounted to \$17,241,000,000. Since that date, it is estimated that \$5,000,000,000 have been spent which leaves a balance of \$12,241,000,000. Is it not reasonable to believe—at least to hope—that we can coast along on this unexpended balance for another year without additional appropriations. It seems to me that in view of our own fiscal condition, we might consider this to be a legitimate assumption, and that it will be distinctly unfair to our American taxpayers, should we unload on them an additional \$6,901,100,000, as provided in this bill.

There is one other phase of this situation I should like to discuss. We have undertaken to fight a United Nations war in Korea. The President calls it a police action, but in my book, it is war. That war is costing us \$5,000,000,000 a year. We are footing the bill for this war to the extent of about 95 percent of all costs. Civilian aid to the people of Korea has cost about \$500,000,000—only about \$25,000,000 of which has been contributed by other members of the United Nations. Do not these expenditures constitute foreign aid to a large extent? We are not only furnishing the money to fight the war in Korea, we are furnishing the blood of our sons in just about the same proportion as our money. It seems unreasonable that we should be expected to do more. Have we not done more than our share already?

The lessons of history on this subject of spending are written so plainly that he who reads may well understand. We

are today, with our foreign-aid program, supporting the bankrupt nations of Europe with our hard-earned money—it is your money and mine—that we are spending in every quarter of the globe. Not only in Europe but in the countries of South America whose fiscal status is in much better condition than our own. Who will pull us out of insolvency when our Nation has exhausted its resources? What Marshall plan will come to the aid of America in that fateful hour?

Our job today is here at home. It is a domestic job. Russia's blueprint for world domination was outlined by Lenin a quarter of a century ago when he said:

England will expand herself into destruction; Germany will fight herself into destruction; and America will spend herself into destruction.

Two nations have gone the Lenin-predicted road, and we are on the way. If we do not reform our fiscal policy, Russia without firing a shot and without the loss of a soldier will have won her conquest of the world.

This is not a partisan fight. It is a fight to preserve America, our freedoms, our way of life.

The peril of this Nation—

Said Chief Justice Charles Evans Hughes—

is not a foreign foe. We, the people, are its power, its peril, and its hope.

Here is a challenge for all Americans. Against a background such as I have described, shall we be able to keep a sound currency from being destroyed? Shall we in our attempts to pull the rest of the world back slip into the abyss ourselves? Because of these problems, we face one of the most crucial periods in our history. We face our crucial test of devotion to our American way of life.

We can ill afford the expenditures for foreign aid proposed in this legislation which amount to \$6,901,100,000. We must begin to think of saving our own country before it is too late. A vote against this bill is a vote for the preservation of America—our liberties, our freedoms, our way of life—yes, it is a vote to safeguard the whole world because if America goes down, the world is lost with us.

Mr. GORDON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. Flood].

Mr. FLOOD. Mr. Chairman, I am intrigued by the suggestion of the distinguished gentleman from Wisconsin that a price tag can be placed on what this Congress and this Nation has been trying to do. I wonder if Mr. Douglas or Mr. Dulles have indicated just how many dollars and just how many cents are necessary to win a victory or win a peace or win a cold war? I wonder whether the gentleman from Wisconsin or whether any Member of this distinguished body at this time can give to this committee a yardstick or a rule of thumb and say: This many dollars will contain atheistic communism—this many dollars in hundreds of millions or in dozens of billions is the answer that we all seek?

I say to you, Mr. Chairman, that communism has been contained.

I say to you, Mr. Chairman, that the foreign policy of this administration is very clear and very simple indeed. Whether it has been successful can be debated, as intelligent men are debating it here and throughout the Nation. But, Mr. Chairman, the foreign policy is as plain as the nose on your individual and collective faces. The foreign policy is to fight and fight, and contain atheistic communism any place that it rears its ugly head on the face of this earth, now and forever. That is the foreign policy. Who will deny it? Does anyone object?

Korea: Never in the history of civilized warfare, never in the history of civilized man has any nation thrown down the gauntlet to any nation or any other philosophy or any other idea or ideal as the United States of America and the President of the United States threw down the gauntlet to communism in Korea and raised the standard of hope for freemen and small nations throughout the world when he said, "No. You move here or any place else and this is what you will meet, weak or strong as we may be at the time, as poorly as we are prepared, or as we are not prepared." Which is an entirely different argument as to whether we are or are not prepared, and that is a different point.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I do not yield.

Communism has been contained. Mr. Chairman, communism has been contained in Turkey, and the Turks will fight and die to the man against communism there. Communism has been contained in Greece, and the brave Greeks will fight and die to a man. In Yugoslavia you have an ally. Whether you like them or not, whether you want to go to bed with them or not is your business. I do not. But right now he is mine. And in Spain—agreements are being made in Spain and they will be successful agreements. They will be successful agreements and Spain will be allied with free people, and the Gibraltar entrance to the Straits will be protected.

Do you think for a moment that the brave, noble Scandinavians, the Swedes, the Norwegians, and Danes have not contained communism?

Do you think for a moment that in brave England communism has not been contained? Fought in France and defeated in Italy? Oh, the Anzacs in Australia and New Zealand will forever be an anchor against any aggression made by communism in the Far East.

When you say nothing has been done, when you say what have we gained for these billions, what makes you think that this is the end? Do you want communism to be contained in 1 day or 1 year? Mr. Chairman, you face half a century or the end of time, but we will face it and defeat it and destroy it.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, we are here confronted with extension of a program that is playing a major part in leading this country down the road to ruin.

This proposal calls not only for the spending of additional billions of dollars which American taxpayers can ill afford, but if enacted it amounts to a stamp of approval by Congress of this administration's foreign policy, the chief architects of which are Truman and Acheson.

It is a foreign policy which has led to the shambles of Korea—in terms of men and money the second most costly external war in which the United States has engaged. And the end is not yet.

It is a foreign policy which during recent years has cunningly contrived a series of emergencies and crises by which the administration has been able to dodge the economic facts of life, and from all this stems the arrogant attempts at seizure of power by the present Chief Executive.

Is anyone in this Chamber so blind as not to be able to see the broad delegations of power that have been given the President in international affairs? The bill before you is but one sample of how authority is delegated.

By what constitutional right has the conduct of foreign affairs and the making of war been concentrated in the hands of the President?

In 1793, Thomas Jefferson, patron saint of the Democratic Party, called this "heresy," and James Madison bitterly assailed "the extraordinary doctrine that the powers of making war and treaties are in their nature executive." Madison described such usurpation as British political theory, un-American, and supported only "by foreigners and degenerate citizens among us."

Have we degenerated today to the point where we do not understand or do not care that this foreign policy on which we are embarked, military and economic, is the prime cause of the debauchery of our dollars despite a levying of taxes that promises to be more back-breaking than those carried by any other people in the world?

I warn you now that you have no time to lose in trimming the commitments being made under the foreign policy of the United States unless it is your desire to fulfill the dreams of the Kremlin by causing the moral and financial collapse of this great, free Nation.

And let me add here, for the particular benefit of those supporting candidates for the Presidency who would continue present foreign policies, with all their lavish spending, that they are advocates of further centralization of power in the hands of the Executive.

It is no less than double talk on the part of a presidential candidate or anyone supporting him to say that an administration shall have wide powers in the conduct of foreign affairs and yet be held to strict constitutional checks and balances in the conduct of domestic affairs.

Mr. Chairman, I want to comment briefly at this point on one of the most beautifully perfumed yet evil phrases that has been concocted in recent years, and there have been plenty of them in that time. I refer to "bipartisan foreign policy."

We had scarcely heard of this sweet-smelling monster until the Potsdam Conference began to reveal the colossal mistakes—the number of first mortgages that Stalin had obtained at Yalta and held on the lives and fortunes of those who inhabit these United States.

In an effort to conceal the truth from the American people and stifle criticism in Congress, the bipartisan foreign policy deal was rigged. As a narcotic and a snare it worked well, for under it the Marshall plan blossomed to full flower, to be succeeded by the perfumed alphabetical agency known as the ECA, and now by the honey-titled Mutual Security Assistance Act. I have yet to be advised of the mutuality or security that has been obtained despite the blood that has been spilled and the sweat that has been shed to produce the tax dollars.

In the first place, there is no such thing as a bipartisan foreign policy that is not at one and the same time accompanied by a bipartisan domestic policy. More than that, there is no place in a healthy democracy, except when completely mobilized for war, for a bipartisan policy, foreign or domestic. He who advocates this approach to one-party government is willing to walk the road of the Hitlers and Mussolinis of yesterday, and the Stalins, Titos, Francos, and Perons of today. A policy of bipartisanship, except in the most extreme national peril, will mean the end of representative government in America.

Mr. Chairman, the bill before us is unacceptable. Our expensive foreign friends who will not support us in Korea, where Americans bear the burden of battle virtually alone, still show little or no inclination to stand with us anywhere else.

We need only to read statements of influential foreign newspapers, magazines, and officials to recognize the unvarnished fact that all too many foreigners despise the United States in spite of the more than 100,000,000,000 American tax dollars handed out all over the world since 1940. Truman, Acheson, Harri-man, Eisenhower, and assorted international bedfellows do not make this information available to you, so I will.

At the moment, in the eyes of foreigners, the main American "floparoo" is the Eisenhower-Acheson NATO international army in Europe. The recent Lisbon announcement, alleging that the NATO army would grow to 50 divisions by the end of 1952, touched off violent reactions.

Almost in the shadow of Eisenhower's headquarters, the Paris newspaper, *Le Monde*, says in an editorial:

It includes on paper 12 French divisions instead of the 14 originally provided for; 7 American divisions, composed of the 6 now in Germany, plus 1 of marines. • • • It is improbable that the figures indicated can be attained. It is already admitted that

the total NATO divisions fully ready within 10 months will not add up to more than 30.

Then the French newspaper says:

Surely the publication of these figures was an attempt at bluff, which has not even the merit of deceiving anybody. * * * The figures in question represent only a ceiling.

With such an attitude prevailing is it any wonder that the French Government collapsed almost as soon as the Lisbon announcement was made because French politicians refused to raise taxes to provide \$157,000,000 for the NATO army even though the United States promised to give France, as a virtual bribe to support the NATO proposition, another \$300,000,000 in foreign aid and more than a half billion dollars in war contracts. All this, of course, is over and above the billions of American dollars previously poured into the French treasury, as I discussed in these pages at the time.

Incidentally, the French newspaper's reference to one American Marine division was, as far as I know, the first leak that the Pentagon plans to throw American marines into the NATO international military.

Returning to foreign reaction to the Lisbon announcement, the London Times describes the promise of 50 divisions by the end of 1952 as imaginative and the allegation of 85 to 100 divisions in 2 years as still more imaginative. The London paper says:

There is likely to be a sharp reaction when the American people realize that the 50 promised divisions do not really mean 50 divisions.

The Brussels newspaper, *Revue Politique*, says Belgium, reportedly committed to the munificent total of two divisions in the NATO military, has fulfilled all her military obligations—which is more than can be said for all her allies.

The Brussels paper continues:

Belgium cannot agree to make further financial efforts without recompense.

As recompense the Belgium paper suggests that the United States establish another foreign-aid kitty into which all the NATO nations could reach to pay all their military costs. This recalls my prediction of several weeks ago that if the NATO army will cost \$300,000,000,000, as announced at Lisbon, American taxpayers will fork over most of it.

A British magazine, *European Review*, calls the NATO military force a shadow, saying what is needed on the potential battlefield is the will to fight, not merely paper armies and paper agreements. This magazine apparently sees little hope of a will to fight becoming a reality, declaring:

Fifty divisions of conscripted robot soldiers, even if they existed and were encased in nylon armor and equipped with atomic weapons, would represent a dangerous substitute for human minds who know what they stand for and love what they know. When the spirit is unwilling, the body is apt to be distressingly weak.

Then the British magazine points to the recent fall of the French Government as evidence that the spirit is indeed unwilling.

In this connection, Andre Philip, former French Minister of Finance, says the young people of France no longer believe in anything.

And British Leftist Leader Bevan tells us to our teeth that the perils of war have been brought appreciably nearer by the ascendancy now given American leadership in foreign affairs. That is the kind of friend the Truman multi-billion-dollar dole has won in Britain.

As thanks for the millions of American loan dollars given to the Spanish dictatorship, Nicolas Franco, Spanish Ambassador in Portugal, suggests that Britain and Spain set up a controlled-economy bloc extending from Scandinavia to the Cape of Good Hope, using as a medium of exchange the British pound sterling, not American dollars. "Such a bloc," he said, "would offset the possibility of either America or Russia doing anything without the consent of Europe."

These are the foreign friends our international spenders talk so glibly about. In this column today you have seen some of these foreigners through their own words.

The policy of trying to bribe and buy friends has failed. That fact should be the foundation for a desperately needed new pro-American foreign policy.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. CHIPERFIELD].

(Mr. CHIPERFIELD asked and was given permission to revise and extend his remarks.)

[Mr. CHIPERFIELD addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. VORYS. Mr. Chairman, I yield 12 minutes to the gentleman from New York [Mr. JAVITS].

(Mr. JAVITS asked and was given permission to revise and extend his remarks.)

Mr. JAVITS. Mr. Chairman, I conceive it to be the duty of members of the committee who are discussing this subject in general debate to give to the Committee of the Whole, insofar as they can, the fundamental philosophy which underlies the views of that part of the committee which is for the bill as it is brought on the floor, and to answer the points that have been made against this, upon the fundamental basis that we have participated in the hearings, have studied the subject, and should give the benefit of our opinion to all the other Members. It is in that spirit, Mr. Chairman, that I speak here today.

I am for this bill as it stands. I think it is a fair and reasonable compromise between the conflicting views as the money we can afford to spend and the security which we seek in the world through the expenditure of our money. I think the greatest mistake that can be made in connection with this bill is to consider that it represents hand-outs, gifts, charity, philanthropy, or anything else of that character, for unless we can find that it means in terms of American security, and American well-being, at least dollar for dollar—and I think we can find that it means two and three

dollars for every one dollar—if it can be evaluated in terms of money at all—then we have no business to pass this bill, much as I am for it.

I am convinced that this bill represents an integral part of American security. It calls for an over-all expenditure of something in the magnitude of 10 percent of everything that we are spending for our own Armed Forces. For that figure we are getting an enormous amount of additional aid in connection with world security, I think at an extremely low price, certainly far lower than if we were trying to amass all the armament ourselves.

I just heard the gentleman from Iowa refer to presidential candidates. I hope very much that this question will not be brought up in connection with this debate. But if it is brought up it is my deep conviction, as far as the presidential candidate who has expressed himself as supporting this program and as supporting substantially the amount that is called for in the House bill for this program, that I thoroughly agree with that presidential candidate, and I am delighted to be supporting him. It seems to me that the fundamental difference, if there is any difference, as between presidential candidates, is whether or not we shall have a fortress United States of America for ourselves, or whether we should be a world power, carrying world responsibilities, and allied with the free world. The one thing I was pleased to hear this morning was, in substance, from my colleague from Ohio, was recognition of the fact that we were a leading world power, that we had world responsibilities, and that we knew we had to align ourselves with the free world. All differences in this bill we can resolve, but this is the fundamental difference, and if this represents a fundamental difference between presidential candidates, then I am definitely on the side of General Eisenhower as he has expressed himself on this issue.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Iowa.

Mr. GROSS. Does the gentleman understand that any President elected will have to live with this monstrosity for another year?

Mr. JAVITS. I may say to the gentleman that I do not consider it a monstrosity. On the contrary, I consider this bill an integral and vital part of the policy of the United States, both foreign and domestic.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Michigan.

Mr. MEADER. I would like to draw the gentleman's attention to page 24 of the bill which purports to amend section 516 of the Mutual Security Act, to require the Mutual Security Agency, the State Department, and the Technical Cooperation Administration to take some action to remove legal and other impediments to private investment abroad. I understand the gentleman had some interest in incorporating that language in this measure; am I correct?

Mr. JAVITS. The gentleman did, and may I reciprocate to my colleague from Michigan [Mr. MEADER] and say that my colleague has been one of the most effective and forceful Members in the House in trying also to introduce this vital element of private enterprise into this whole program.

Mr. MEADER. I would like to ask the gentleman whether or not he thinks that movement of encouraging investment abroad should be an important part of American foreign policy.

Mr. JAVITS. I think it is an indispensable part, and, as I say, I think the gentleman's work in that field has been excellent and has shown its effect and will continue to show its effect because this is essentially a matter of administration. It is when Members of Congress get back of this effort and believe in it that we move the administrators off the small seat upon which they sit in this respect.

Mr. MEADER. May I ask further whether the gentleman has confidence that these three agencies named in this section of the bill will actually accomplish very much more than they have in the past simply because Congress orders them to do what perhaps they should have been doing anyhow?

Mr. JAVITS. I do not have as much confidence as I ought to have considering the fact that I have had a good deal to do with this part of the program. I believe that under the existing situation and without getting into a political discussion we ought to do all we can with this Administration we have. I am certainly hopeful we can get a better and more effective Administration. I would like to say to the gentleman it is only if people like him and me and others in the House who are similarly interested will constantly be back of this effort to utilize private enterprise effectively in the technical and economic phases of the program, armed with the determination of Congress as contained in the bill and as I hope it will mature finally, that we will get any action at all, let alone adequate action.

Now to recur to my main thesis:

There are a number of contradictions which the opponents of this particular measure and of the whole mutual security program engage in which I think we should understand clearly because they bear upon the fundamental purpose of the bill.

First, let us understand that we are talking in the European program, which is the main program, about fortifying for self-help in connection with security 205,000,000 people who enjoy a gross annual national product, that is, a total production of goods and services, of \$153,000,000,000—and that we are 153,000,000 people and our gross national product is \$348,000,000,000, more than twice as much. That is the fundamental fact of our time. We have to carry a much greater share of the burden of defense than is prorated or based upon population, because the fundamental and unalterable fact is that we have 50 percent of the industrial production of the world and these figures show it.

What do we expect, then? Do we expect that people who are already poor shall further beggar themselves for our security and their own, or do we expect they will look to us, with much fewer people than they have, and over twice their gross national product, to help them in a material way? Unless we accept that fundamental proposition, this bill does not make any sense, but if we do accept it, then the bill falls into place and makes excellent sense. I submit that it is an unalterable fact that we must accept and cannot overlook.

Now, as to some of the other contradictions:

Some of those who talk here about indiscriminate cutting say, "Let us cut it another 20 percent or more." I ask those gentlemen to make up their minds whether they are just dealing with dollars, or whether they are dealing with security. Is not the real question, What are we going to get in divisions, what are we going to get in armament, what are we going to get in willing help, when we are talking about 10 percent of our own total defense outlay? Is not that the real question, rather than can we save dollars?

Certainly we can save dollars. You can eliminate this program entirely. If we eliminate enough dollars, it is like the Scotchman and his horse, who saved a lot on feeding the horse—that is until the horse got so thin that he died.

Second, some claim the Korean action and the casualties we have taken in Korea are unnecessary. They want us to retreat to fortress America. I ask the question of them, Do they want us to retreat to fortress America and take all the casualties ourselves, or do they want us to share with the rest of the world some of the responsibility of security and, therefore, some of the responsibility and some of the dangers of taking casualties?

Some say that aid which we have given, and one of my colleagues just said that a minute ago, has not gotten down to the rock-bottom base of the people in the various areas which we have aided, and yet those are the same people who are against economic aid. We are certainly not going to get it down to the rock bottom base of the people unless we are willing to give some aid so that it can get down there.

Then, some say that we should give our friends abroad the know-how, but we should not give them goods; that we should just give them know-how and not materials. Yet, these are the very same people who are in the main against technical assistance, and say that this is just boondoggling and wasting our hard-won knowledge all around the world.

It is my deep conviction that all of this represents frustration as to what our American foreign policy ought to be. We know one thing. American foreign policy has to be affirmative. It cannot be negative. I think, therefore, if all who want affirmative action will consider the bill in those terms, then a good bill and an adequate bill in terms of money will be passed.

We all know we do not want to start a preventive war against the Soviet Union. That would be the treacherously easy way. If we started a preventive war, then military defense would really be an offense, and we would be going to the seats of power of communism and destroying them. If we do not want that, and the American people plus our own judgment have settled that issue, then the total amount that we are spending for military security is purely defensive. We know that we can never lick communism solely by defensive effort. Therefore, we have to have an offensive effort. The only offensive we have is the offensive in the economic and technical field and in the ideological field. If at one and the same time we say we do not want a preventive war, and we want to defeat communism, then there may be ample room for differing as to the details, but we must accept the fundamental concept of this bill.

The administration policy of containment is obsolescent. It must now be succeeded by a policy of counterattack. This counterattack must be diplomatic as through the U. N. That is why all efforts toward disarmament, control of atomic weapons, and the elimination of the effect of the veto in the U. N. on halting aggression are so important. It must include the use of economic and technical assistance such as is provided for here in this bill. It must include the speeding up of our information and education program, whether it be through the Voice of America or through books or through publications, we need to do a very much more effective job. The important thing is that we need to do the job.

Even in the military respect, we have to emphasize the idea of counterattack. The best thing I think that Mr. Acheson ever did was when he said the other day that we are not just going to repeal aggression at the point where it occurs, as we did in Korea, but that the Soviet must understand that from now on, if we are going to have to meet aggression here and aggression there and everywhere, they are going to drive us to stopping aggression by action at the seat of the Soviet power.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. VORYS. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. JAVITS. Mr. Chairman, all of our colleagues are deeply interested in what will be the indicia of success in this struggle against communism. How do we know that in this program for which we are paying so substantially and making so many sacrifices for—how will we know when we begin to succeed? I say to my colleagues we already know that it has begun to succeed in the defection of Yugoslavia from the Soviet bloc. This defection will ultimately be in my view the single, significant fact of history which showed the recession of the Soviet power. The end of the Soviet power will be when all of the satellites, including China, are detached. But, the beginning of the end of the Soviet power is shown by the defection of Yugoslavia.

Certainly, Tito is a Communist, a hard headed and a very practical one seeking the protection, I believe, of his own power, and that of his group and of his own country. How did he look at it in this cold war as soon as he felt that the Russians could not successfully use force on him. What did he decide? He decided under these policies which are contained in this bill that it was better for him to work with the West than to continue to string along with the Soviet Union. Why? Because he felt that ultimately the Soviet Union and the Communist group which had control of it had to be defeated. It seems to me that Yugoslavia's defection is among the important evidences of the rightness of the general lines of policy dealt with in this bill.

It is an elementary principle in diplomacy and of military affairs that you must ride your strength. You must drive your offensive. That is not the time to quit when you begin to succeed. That is the time to put on the steam and to drive even harder. That is exactly the purpose of this bill. We are beginning to show signs of success in this struggle against communism, and I am for pressing that success to a final and decisive conclusion.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. Mr. Chairman, I have asked for this opportunity to address the Committee to discuss an amendment I intend to offer to the mutual-security bill, which is now before us.

The purpose of my amendment is to take a concrete step toward assuming the initiative in the cold, ideological war between free men and slave citizens. I propose that we do this by proving to the world that the free economy exemplified in the United States is a better way of life, both materially and spiritually, than the state-owned, state-controlled economy of the totalitarian state exemplified by Communist Russia.

I do not minimize the importance of words and expressions of philosophical principles upon the course of civilization. But I contend that action speaks louder than words. I assert that a demonstration of the free-enterprise system will do more toward winning support on our side of the ideological war than 100 Voices of America.

I propose that we should demonstrate the value of the competitive free-enterprise system by exporting that system to the underdeveloped areas of the world. If we do this effectively, we will launch an affirmative attack upon the false ideology that the state should run everything, leaving no freedom or individuality to the citizens who, through police methods, are forced to do as they are told.

The avenue for accomplishing the export of the free-enterprise system consists in the elimination of the artificial legal and political barriers which now restrain natural economic forces and prevent capital from free nations from flowing into other free areas, more or less undeveloped, to harness the natural resources of those areas for the mutual

benefit of the inhabitants of those areas and those supplying the capital and development know-how.

I have yet to discover anyone opposed to this fundamental proposition. On the contrary, it has received universal support even including pronouncements by members of the present administration. Indeed, this proposition is given lip service in existing legislation. As a principle, it is written into the Mutual Security Program and has been espoused in general terms by the President of the United States, as well as the Secretary of State.

I quote from section 516 of the Mutual Security Act the following language:

It is hereby declared to be the policy of the Congress that this act shall be administered in such a way as (1) to eliminate the barriers to, and provide the incentives for, a steadily increased participation of free private enterprise in developing the resources of foreign countries consistent with the policies of this act.

I point out that the bill now pending before the House of Representatives, H. R. 7005, section 7 J, commencing on page 24, line 16, of the bill, and continuing to page 26, line 9, instructs the Mutual Security Agency, the Department of

State, and the Technical Cooperation Administration to study legal and other impediments to private investment and the means whereby such impediments may be removed or decreased and facilitate the flow of private investment and the participation of private industrial groups or agencies in accomplishing the economic objectives of the Mutual Security Program.

Mr. Chairman, my proposal is that these studies and these recommendations be made by an independent commission, calling upon the services of private citizens whose knowledge and whose thinking ought to be enlisted in the attack upon the barriers and impediments now restraining natural economic forces from developing natural resources abroad in accordance with the principles of the competitive free-enterprise system.

For those who may be interested in following this subject in some detail, I include at this point in my remarks a table of references to previous remarks I have made on this point, both on the floor of the House of Representatives and before the Committee on Foreign Affairs of the House of Representatives:

Remarks by Representative George Meader on proposal to create a commission to study impediments to private investment in underdeveloped foreign areas

Date	Nature of remarks	Reference
Apr. 23, 1951	Speech on floor of House introducing H. R. 3798.....	CONGRESSIONAL RECORD 4266-4270.
July 3, 1951	Speech on floor of House, "Let's Export Independence"....	CONGRESSIONAL RECORD 7784-7788.
July 20, 1951	Testimony before House Foreign Affairs Committee.....	Hearings on H. R. 5020 and H. R. 5113, pp. 778-819.
Aug. 16, 1951	Speech on floor of House offering amendment to H. R. 5113.	CONGRESSIONAL RECORD 10394-10395.
Aug. 17, 1951	Speech on floor of House re amendment to H. R. 5113.....	CONGRESSIONAL RECORD 10496-10497.
Apr. 4, 1952	Speech on floor of House re USIS and Voice of America in connection with an affirmative foreign policy.	CONGRESSIONAL RECORD 3583-3584.
Apr. 28, 1952	Testimony before House Foreign Affairs Committee.....	Hearings on H. R. 7005, pp. 869-882.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Iowa.

Mr. GROSS. Is not the real impediment to the flow of foreign capital from this country to foreign countries the lack of stability of foreign governments?

Mr. MEADER. I think that is an important impediment, but there are others.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from New York.

Mr. JAVITS. It is true that the impediment is instability. But there is ample room for investment in some other areas that will take 20 times what we are able to do there.

Mr. MEADER. I thank the gentleman.

Mr. Chairman, whether my efforts have had anything to do with it or not, I must say that I believe some progress has been made toward an objective which I regard as being of transcendent importance in developing a sound, vital, effective, and understandable American foreign policy. The administration now appears to have accepted unequivocally the proposition that it should be a part of our foreign policy to promote economic activities of our citizens in the strengthening of the free world,

Beyond accepting that objective, however, the efforts of the administration to achieve it have been so puny and ineffective as to raise a doubt of the sincerity of the administration's faith in the validity of the objective they have accepted.

I quote a brief passage from the remarks made by the Secretary of State before the Conference on International Economic and Social Development held here in Washington last April 9:

I have been working for 12 years on the effort to free international trade from some of its barriers and I regret to say that there are as many now as there were when we began and the outlook is discouraging. But we must continue to fight it and you must continue to help us because this matter of freeing trade throughout the world and bringing about a greater exchange of goods is essential for the purpose that you are meeting here today to consider.

Similarly in the economic field there is the matter of investment. Unless there is a climate to encourage investment abroad you will not get the developments in underdeveloped areas which we are seeking. And unhappily the climate does not seem to be getting better but in many parts of the world to be getting worse. There seems to be an idea that there is something bad about foreign investment in some parts of the world. Companies, people who have put a great deal of money, a great deal of effort into developments in underdeveloped areas are treated as though they were enemies of the country in which they are working. If that goes on it just means that there will

not be foreign investment and there will not be, as you all know, governmental capital sufficient to do this job.

Mark this sentence—still Acheson talking:

And, after all, it doesn't make much difference whether the investment is the property of all the citizens of the country or some of the citizens. If the whole climate for the reception of foreign investment in a country is bad, then the capital will not go there, whether it's private or governmental.

I propose to show, and I hope that I can convince the House, that the provisions of the present bill are wholly inadequate. The first witness in support of that proposition is the Secretary of State himself in the passage I have just quoted.

If the Department of State has been working diligently for 12 years to eliminate the barriers to international trade and investment, and we are no further ahead than we were 12 years ago, what hope can we have that directing the State Department, the Mutual Security Agency and the Technical Cooperation Administration to assail these barriers will produce any appreciable results?

In my initial remarks on this subject before the House of Representatives, I said:

I say it is conclusively established that no agency or department of the executive branch of the Government is capable of blue-printing this bold new program. The fact is that there has been no inhibition on such agencies and departments in the past from proposing and, indeed, from carrying into effect any of the steps which will be necessary if the underdeveloped areas are to be developed through the force of American initiative and enterprise.

I believe there are several reasons why Government officials in the executive branch of the Government are incapable of solving the difficult problem of encouraging private investment abroad.

First, I charge that the Department of State and its Foreign Service have failed deplorably to assist and encourage American business activities abroad in the past. In fact, instead of being merely indifferent to American business activities, some foreign officials have sought to discourage them. This is in marked contrast to the support which the British Foreign Office has consistently afforded British enterprises.

Second, the desire of the State Department and the Mutual Security Administration officials to build up the economies of free nations has led them actually to discriminate against American businessmen when they are in competition with foreign enterprises.

Third, there is an attitude in many American officials having important responsibilities in foreign affairs and in foreign aid to prefer Government activities in the economic field to those of private citizens. I question whether many of these officials have any sincere sympathy for, or faith in, the competitive free enterprise system as contrasted with a greater degree of Government control and direction of economic affairs. Empire-building and the natural desire of officials to retain power impels

them to prefer Government aid to private investment.

Fourth, the fact is that very little new American money has been invested abroad since the end of the war, with the exception of the petroleum industry, and by far the greatest amount of overseas' investment has been in the Western Hemisphere.

I refer again to the sentence in Secretary Acheson's speech which I emphasize as I quoted it:

And, after all, it doesn't make much difference whether the investment is the property of all the citizens of the country or some of the citizens.

Apparently Dean Acheson makes no distinction between the private investment of American citizens and the investment of taxpayers' funds by the Government. This is a socialistic approach, and in my judgment would render the State Department completely incapable of taking concrete steps toward encouraging the investment of private funds.

Acheson's statement is full support for my charge that officials having responsibilities in foreign affairs have no sincere interest in expanding the economic activities of private citizens in the foreign field.

I recognize that the points I have made are sweeping generalities, yet I believe they will be confirmed by anyone not connected with Government agencies who has had any substantial contact with the manner in which the State Department, the Economic Cooperation Administration, and others have been operating in foreign fields since the end of World War II. I base these charges, not on a comprehensive survey which would obviously be impossible for an individual Congressman to make, but on inquiries made by me, both in the United States and in overseas areas where it has been my privilege to travel extensively in connection with official duties. My own findings and experiences have been confirmed in discussions with, and communications from, others, including foreign representatives of American business concerns and officials of companies having foreign branches or investments.

I dislike to rest a characterization as sweeping as the one I have made on so unsatisfactory an evidentiary basis. I call attention to the effort I have been making for the past year to persuade the Expenditures Committee of the House, of which I am a member, to engage in an investigation of the State Department with the objective of ascertaining—on the basis of a factual inquiry—how effective the State Department has been in discharging its responsibilities in the conduct of our foreign affairs. Any independent, thorough-going investigation of this question seems to have been effectively stymied. Accordingly, any appraisal of State Department performance, as well as the performance of our other overseas agencies, must rest upon individual observations rather than thorough-going inquiries

If I am correct in my appraisal of the State Department and the other foreign agencies, it is an idle act to entrust them with the duty of removing impediments to private investment abroad. Nothing will happen.

What we need is a new approach. What we need is a penetrating study by individuals who are not responsible for the mistakes, the attitudes, the action, and the nonaction of Government agencies in the past in this field.

We are dealing here with the activities of citizens in their normal economic pursuits. Who should be better qualified to make contributions in this field than those citizens themselves? We need their thinking. We need their experiences. We need the facts they have developed through years of wrestling with these problems. We need their wisdom and their judgment in devising possible avenues of escape from the strait-jacket which now prevents the natural interchange between citizens in economic activities.

No matter how wonderful a blueprint might emerge from the celebrations of bureaucratic officials, it will not be any good unless it encourages activity on the part of private investors. By its terms, the objective stated in the Mutual Security Act must be accomplished by private citizens in their own voluntary economic efforts. What better assurance of achieving that objective could there be than to permit private citizens to play an important part in the formulation of the program which it will be their major responsibility to carry out?

Mr. Chairman, the basic question involved in the amendment I will propose is how the task can best be accomplished. Everyone is agreed on the objective of removing barriers to private investment overseas. The bill presented by the Foreign Affairs Committee orders the State Department, the Mutual Security Agency and the Technical Cooperation Administration to accomplish that objective. I propose instead that we entrust that task to a special bipartisan commission patterned after the Hoover Commission which will have no other duties or interests than the sole one of breaking down the barriers now impeding natural economic forces.

Since the commencement of World War II, in lend-lease, in surplus property, gifts and abandonments, in UNRRA and other rehabilitation programs, in the Marshall plan aid, and now in mutual assistance, the taxpayers of this country have contributed well over \$100,000,000,000 to other nations. In contrast with that, the Department of Commerce estimates that total American overseas private investments are in the neighborhood of \$13,000,000,000. It is my belief that the private dollar invested abroad goes much farther toward sound and lasting development of the areas where it is invested than the tax dollar handled on a government-to-government basis. Furthermore, the dollar privately invested does not cost the taxpayer anything. On the contrary, it relieves the tax burden because it creates wealth and broadens the tax base.

In spite of the fact that high taxes in the United States have contributed an element of pressure toward encouraging American citizens to make investments overseas, statistics of the Department of Commerce conclusively prove that the private investment of American capital overseas since World War II has been pitifully small.

Figures I obtained today demonstrate this point. I include a table showing these figures at this point in my remarks:

AMERICAN OVERSEAS PRIVATE INVESTMENT

MAY 21, 1952.

Estimated figures from Office of Business Economics, Department of Commerce. These figures are taken from a survey made by the Department in 1943 and brought up to date. A new survey is expected to be published in a few months. The new figures may be quite different from the ones given below. However, this is the best estimate at present.

United States direct investments in foreign countries (direct meaning United States private investment in controlled enterprises)

End of 1945 (end of war)	
total investments.....	\$8,369,000,000
End of 1950 total investments.....	13,550,000,000
Increase.....	5,181,000,000
End of 1951.....	14,850,000,000
Increase over 1950.....	1,300,000,000

¹ The 1951 figures are rough estimates.

Breakdown of increase (1945-50) between Western Hemisphere and rest of world

WESTERN HEMISPHERE

Canadian investments:	
1945-49.....	\$900,000,000
1950.....	500,000,000
Total.....	1,400,000,000

Latin American investments:	
1945-49.....	1,800,000,000
1950.....	270,000,000
Total.....	2,070,000,000

Total.....	3,470,000,000
Rest of world.....	1,711,000,000
Total.....	5,181,000,000

Breakdown by industry:

Petroleum:	
1950.....	4,072,000,000
1945.....	1,538,000,000
Increase.....	2,534,000,000

Mr. Eric Johnston, Chairman of the International Development Advisory Board, called attention to this fact in the following words:

In the backfield of the point 4 team of public-private action, industrial enterprise carries smashing weight. Some idea of its potential may be gleaned from figures recently cited by Mr. Stacy May, economist of the International Basic Economy Corp.

Since the end of the war, according to Mr. May, American private investment abroad has averaged about \$1,000,000,000 a year. This year, it may reach one billion two hundred million, or four-tenths of 1 percent of our national income.

But Great Britain, at the peak of its international economic leadership, put fully 10 percent of its national income into investment abroad. Over a period of 30 years, British foreign capital investment maintained a level of 2½ percent of Britain's national income.

I would not venture to suggest the total that our own capital investment abroad might be expected to reach during the present period of American economic ascendancy. But I agree completely with the estimate of the partners in progress report—that if industrial enterprise is given opportunity, incentive, and reasonable safeguards, the present total can, and will, be doubled.

The fact that American investments abroad have been so insignificant is the best proof that Government agencies alone are incapable of devising effective methods to increase them. Their record of inactivity and ineffectiveness is before us. The Secretary of State has admitted failure.

I have sought briefly to state the reasons for my position. If we are persuaded of the importance of the objective, the magnitude of the problem and the difficulty of solving it, we will not be satisfied to entrust that task to those who already could have solved it if they had had any interest in solving it and possessed the capacity to do so.

Let us give the American people a chance at this problem. A bipartisan commission with six members from private life and four each from the legislative and executive branches of the Government may get somewhere. At least, it is worth trying.

Under leave obtained in the House, I now include the text of my amendment at this point in my remarks:

Amendment to H. R. 7005 proposed by Mr. MEADER: Page 24, strike out line 19 and all that follows down through line 9 on page 26 and insert the following:

"(b) (1) To assist in carrying out the purposes of this act, through encouraging and facilitating the development of the natural resources of foreign areas by the investment of private capital and eliminating barriers to and providing incentives for engaging in business enterprises in such areas by persons or business organizations who are nonnationals of such areas, there is hereby established a bipartisan commission to be known as the Commission on Aid to Underdeveloped Foreign Areas (hereafter referred to as the 'Commission').

"(2) (A) The Commission shall be composed of 14 members as follows:

"(i) Ten appointed by the President of the United States, four from the executive branch of the Government and six from private life;

"(ii) Two Members of the Senate appointed by the Vice President; and

"(iii) Two Members of the House of Representatives appointed by the Speaker.

"(B) Of each class of members, not more than one-half shall be from each of the two major political parties.

"(C) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

"(3) The Commission shall elect a Chairman and a Vice Chairman from among its members.

"(4) Eight members of the Commission shall constitute a quorum.

"(5) (A) Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

"(B) The members of the Commission who are in the executive branch of the Government shall each receive the compensa-

tion which he would receive if he were not a member of the Commission, plus such additional compensation, if any, as is necessary to make his aggregate salary \$12,500; and they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

"(C) The members from private life shall each receive \$50 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

"(6) The Commission shall have the power to appoint and fix the compensation of such personnel as it deems advisable, without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended.

"(7) The service of any person as a member of the Commission, the service of any other person with the Commission, and the employment of any person by the Commission, shall not be considered as service or employment bringing such person within the provisions of sections 281, 283, or 284 of title 18 of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

"(8) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this subsection (b).

"(9) (A) The Commission shall study and investigate the problem of aiding underdeveloped foreign areas and shall formulate and recommend to the President and the Congress specific programs for carrying out the purposes of this subsection (b).

"(B) The Commission shall report to the President and to the Congress from time to time the results of its study and investigation, together with such recommendations as it deems advisable. The Commission shall file its first report within 1 year after the date of enactment of this act, and annually thereafter.

"(10) (A) The Commission may create such committees of its members with such powers and duties as may be delegated thereto.

"(B) The Commission, or any committee thereof, may, for the purpose of carrying out the provisions of this subsection (b), hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such committee may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before any committee thereof.

"(C) The Commission, or any committee thereof, is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this act; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, or any committee thereof, upon request made by the chairman or vice chairman of the Commission or of the committee concerned.

"(D) The Commission, or any committee thereof, shall have power to require by subpoena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; to have printing and binding done; and to make such expenditures as it

deems advisable within the amount appropriated therefor. Subpenas shall be issued under the signature of the chairman or vice chairman of the Commission or committee and shall be served by any person designated by them. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U. S. C., title 2, secs. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this section."

I hope my amendment will be adopted because I believe it is the effective way of accomplishing an important objective.

Mr. RICHARDS. Mr. Chairman, I yield 10 minutes to the gentlewoman from New York [Mrs. KELLY].

(Mrs. KELLY of New York asked and was given permission to revise and extend her remarks.)

Mrs. KELLY of New York. Mr. Chairman, I am delighted to follow my colleague from New York [Mr. JAVITS], who stated that H. R. 7005 is wise, sound, and unfortunately necessary. I regret to disagree with the gentleman from New York [Mr. JAVITS] on assistance to Yugoslavia. Our foreign policy must be consistent with basic beliefs of our Nation. No nation should receive aid if the basic beliefs of that nation destroy the values the United States seeks to achieve and uphold—the rights of private property.

Mr. Chairman, the importance of H. R. 7005, known as the Mutual Security Act of 1951, as amended, cannot be overestimated. It is the implementation of our foreign policy. It is the actual dollar cost authorization of what the United States must spend to help other nations achieve self-security. Indirectly, it is for our own preservation.

The men in the Kremlin have caused this situation. Their actions as aggressors in Korea have caused the whole rearmament program of the west to be put into motion. They do not desire peace. They desire world domination at any cost. Their actions are so well known to all of us.

During our early history, the foreign policy of the United States did not involve dollar cost, but with the realization that there is one world with two conflicting ideologies—the rights of free men versus a slave state—and with the rapid development of the science of war used by aggressor nations, it has become necessary for the United States to develop a foreign policy of international cooperation in order to assure its self-preservation. Historic steps were taken when the United States joined the United Nations; established the ECA program; enacted the mutual defense pact; initiated the Mutual Security Program; and ratified the North Atlantic Treaty and other regional pacts. These laws and treaties are binding on all branches of the Government. H. R. 7005 represents their implementation.

The bill before us today is the recommendation of the House Foreign Affairs Committee for this foreign assistance program. It is the means taken by the United States in accepting its responsibility as leader of the free world. It is testimonial to the fact that we are the last bulwark of democracy. It is for the mutual benefit of all free men. It is the expression of the United States that we

desire to live in peace with all peoples and governments, but that we are determined to safeguard freedom for ourselves and for other freedom-loving people.

The policy of the United States in giving foreign aid has been based upon self-help and mutual cooperation. I believe that this policy must now be developed into a policy of aid given on a step-by-step basis. The amount of aid should be determined by the progress of the recipient nations in carrying out the agreed objectives. I refer here to United Nations actions, to regional collective organizations such as NATO, and the plans for European unification.

We have taken a broad view of our responsibility. We must demand that other nations and peoples take the same broad view and look beyond their own horizons to work with others who have identical aims. With each nation making its own contribution, there will be no shirking of responsibility and progress toward our common goal will be made with greater ease and dispatch.

The foreign aid program of the United States for this year hinges on two decisive factors. Both involve revolutionary plans and, as a consequence, have been slowed up by national and international obstacles. The first factor involves the conclusion of contractual treaty agreements with the West German Republic, and Great Britain, France, and the United States. This treaty, called the Bonn or provisional peace treaty, recognizes Western Germany as a member of the European community of nations. There is a limited status on West Germany until such time when East and West Germany can be unified.

The second factor is the creation of a European army. It is realized that Germany must play a part in self-defense and in the defense of Europe. In the light of past events, it is deemed safer to have the German army included in the European army rather than have independent national armies.

It was France who suggested the creation of this new Europe. It has long been realized that the unification of Europe, both economically and militarily, is essential if Europe is to survive. The Foreign Affairs Subcommittee, in its report on its mission to Europe last fall, stated bluntly, "Europe must unite or perish." In his farewell message to Europe, General Eisenhower stated less bluntly that there can be neither peace nor security for Europe unless it unites.

European unity is a necessity—an urgent necessity—of long-range importance. Its primary aim is not merely military in order to build up a defensive strength and to form a barrier against Russia's overwhelming ambitions. It is a compelling necessity for economic reasons. Europe cannot prosper under separate national economies which are unable to compete in world markets against the vast industrial systems built up in the United States and in Russia.

The hope for this unification is stressed in the amendment to section 2 of the Mutual Security Act of 1951 which we are considering. The Congress welcomes the recent progress in political

federation, military integration, and economic unification in Europe and reaffirms its belief in the necessity of further vigorous efforts toward these ends as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this act should be so administered as to support concrete measures for political federation, military integration, and economic unification in Europe.

It is difficult to understand the slowness in arriving at this goal of unity, since its importance has been recognized by the representatives of those nations. However, we must bear in mind that there are many traditions, customs, language barriers, and historical factors to be overcome.

I believe that much of this obstruction would be eased if Great Britain had been willing to be a partner. The explanation for her refusal is that it would weaken her ties with the Commonwealth countries. That seems to me to be a poor excuse. She is not being asked to choose between the Commonwealth and Europe. England has had other alliances which did not weaken her ties.

Diplomatically, this represents a complete change with the past. The whole equilibrium of the twentieth century was based upon an alliance between France and England. In the present plan, unification or federation will revolve around Germany and France. It is to be hoped that a plan can be devised so that this new Europe can bring about and defend the peace.

The United States has done, and will continue to do, her share. The world should know that our only interest is to benefit the free world, to do all we can to help other nations to be self-sustaining and militarily strong. We ask the cooperation of others toward this aim. It is not a one-way responsibility.

The time for hesitation is past. Now is the time for the Western Powers to move ahead and to sustain the forces and plans jointly initiated and sponsored. It is time for us to prove to the nations whom we are aiding that we want no further bargaining. The haggling within Germany, instigated by the Socialist Party led by Herr Schumacher, is regretted. This opposition, augmented by Russian counterproposals, aligns them with the Kremlin. This comes as no surprise to me. This thinking was very evident to me when I was in Germany last fall. Powerful, threatening forces are in the background and, despite Chancellor Adenauer's courageous stand and diplomatic patience, the Socialists, inspired by the Russians, hope to upset the plans of the free world.

A swift realization of the Schuman plan and a quick conclusion of the European Defense Community Pact are the only means for keeping the resources, factories, and skills of Europe free from Soviet control. For that reason, the major portion of H. R. 7005 is earmarked for Europe.

I would like to bring to the attention of the House many noteworthy changes in H. R. 7005.

Section 2: Adopted Senate language of section 2 which authorizes assistance to three designated organizations for unifying Europe rather than to any such organization as provided in H. R. 7005 as introduced.

This change shows the hope and desire for the new Europe implementation of NATO, European coal and steel unification, creation of a European defense community.

Section 3: Amended Mutual Security Act to mention Spain by name as eligible to receive assistance—was eligible previously.

Spain was made eligible for participation in the aid program over a year ago and as yet has not received any assistance. This section includes Spain as part of the pattern for defense in the west.

Military end items in title I are \$3,316,000,000—cut \$829,000,000 from \$4,145,000,000. This is the amount we recommend should be authorized for matériel to supply the European NATO countries under the Lisbon plan. The United States must deliver the major portion of the equipment. Europe must provide the bulk of the forces.

Cut defense support 10 percent from \$1,819,200,000 to \$1,637,300,000—cut \$181,900,000—page 48. To further assist these countries, it is necessary that we authorize \$1,637,300,000 for defense support. Call this any term you want—economic aid. Its purpose is to supply raw materials for arms manufactured in Europe. It is the estimated amount needed to assist European countries to divert their industry to defense production. It is to cushion the impact of their arms program. Together these authorizations will assist Europe in meeting its share of the collective rearmament cost of seventeen and seven-tenths billion.

Only through this cooperative effort can there be achieved promptly a build-up of defense strength providing a genuine deterrent to aggression. To cut defense support—cuts the number of men in European forces. I do not support any further cuts in this title but I do believe that this assistance should be given only as the European nations progress toward our mutual objectives.

Retained the authority to transfer 10 percent within title I rather than the 5 percent proposed in H. R. 7005.

Earmarked not less than \$25,000,000 for Spain.

Section 4: No alteration of amounts in title II—Near East and Africa—but adopted the Senate form of authorization by specifying the funds for Arab refugees and for refugees coming to Israel and for technical assistance in that area.

Section 5: Struck out exemption of title III funds from section 503 of MSA. This means that TCA will have to take over from MSA the programs in Burma and Indonesia.

Section 6: Redesignated area as American republics and non-self-governing territories of the Western Hemisphere.

Provided that no part of the United States contribution to the Provisional Intergovernmental Committee for the

Movement of Migrants from Europe could be used to pay salary or expenses of the Director General of such Committee if a former employee of UNRRA or IRO.

Section 7: MSA Act amended to authorize distribution of 50 super grades already provided among all departments and agencies covered in the program. Some of these may be assigned to point 4 and Defense.

Required by July 1, 1952, a 10 percent reduction—based on January 1, 1952, personnel—of personnel other than blue-collar workers and technical consultants.

Director of Mutual Security required to reduce reporting requirements.

Authorized the transfer of not more than \$1,000,000,000 of military items from United States defense program to foreign nations in addition to equipment authorized by this bill.

Required that not less than \$1,000,000,000 be earmarked exclusively for off-shore procurement. My reason for off-shore procurement is that other countries must gear to produce their own weapons. We must not tie up or limit United States industry to defense mobilization and permit other nations to usurp world markets.

Authorized total expenditure of not more than \$100,000,000, not more than \$20,000,000 to any country, without conditions as to eligibility. This would permit giving limited assistance to nations which we wish to help but which may be afraid to enter into agreements with us.

Authorized Director for Mutual Security to develop strategic materials in world deficiency for countries receiving United States assistance.

The Director for Mutual Security required to take suitable and appropriate steps to assure effective use by recipient countries of their own resources for mutual security.

Provided up to \$1,000,000,000 of counterpart to encourage free enterprise.

Permitted up to \$100,000,000 of military production and economic and technical-assistance funds to be used for subscribing to capital of an International Finance Corporation.

Investment and informational media guaranties continued after June 30, 1952, to all areas where United States assistance is granted.

Required Mutual Security Agency to develop broad criteria for guaranties and to conduct study of impediments to private investment abroad; Department of State required to accelerate commercial and tax-treaty program; Technical Cooperation Administration required to encourage and facilitate greater participation by industrial groups in point 4 programs and to bring investment opportunities in underdeveloped areas to attention of private enterprise.

Section 9: Required counterpart funds used for loans by recipient countries to be redeposited in counterpart special account when loans are repaid so as to give the United States continuing participation in their administration.

Assured that counterpart fund be available for strategic materials without regard to 5 percent limitation.

Section 11: Authorized \$12,000,000 for UNICEF for period ending December 31, 1953, on condition that United States contribution not exceed one-third of contribution from all governments. None of the activities for which these funds are authorized shall duplicate any of the activities of other U. N. agencies.

CONCLUSION

The world is once again at the crossroads. Decisions made this week and next, both here and in Europe, will change the course of history. No matter how large the sums of money involved in this bill, they are small compared to the goal for which we are striving. The political federation of European countries, built upon a unified economic foundation where the laboring classes are dignified by receiving a just income, will form a wall through which the false inducements of communism will not penetrate.

Therefore, I urge the passage of this bill to support Europe toward our objectives in this time of great decision. Directly, this will prove to friend and foe that the United States cooperates constructively toward peace and security.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. BUSBEY].

(Mr. BUSBEY asked and was given permission to revise and extend his remarks.)

Mr. BUSBEY. Mr. Chairman, we have under consideration today H. R. 7005, a bill to amend the Mutual Security Act of 1951. I wish to congratulate the Committee on Foreign Affairs for at least bringing in a bill as an amendment to the one passed a little over 7 months ago, rather than under a new name. Of course, it might be somewhat embarrassing to change the name when the law has not been in effect for a full year.

When this program was originally presented to Congress it was called interim aid, then the Marshall plan, then the European recovery program, now the Mutual Security Act, and I would not be surprised to see the bill next year entitled "Point 4 Assistance Program."

Regardless of what you call it, it means the distribution of wealth of the United States to the four corners of the world.

Before the House of Representatives takes action on the present bill, H. R. 7005, I would like to give the Committee the benefit of my observations and findings for its consideration in passing upon the authorization of \$7,900,000,000 as recommended by President Truman for the mutual-security program for fiscal year 1953.

During my investigation last year in Europe I checked into how our Marshall plan and ECA funds were being expended.

ENGLAND

The first place I stopped was England. While there I talked with members of the ECA mission from the United States, leaders of both the Labor and Conservative Parties, some of whom are at present in the Cabinet of Great Britain, as well as the shopkeeper, businessman, and the average man on the street. I

discussed our Marshall plan and its benefits to them. I was greatly surprised to learn that the average Englishman knew very little, if anything, about what the American taxpayers' money was doing for his country and the total amount that had been appropriated. It was indeed a great disappointment to me to learn that the men in the British Government, while admitting that our funds had done a great deal of good for them economically after the cessation of hostilities in World War II, were damning us in the same breath. We were almost universally accused by members of both the Conservative and Labor Parties for nearly all of their troubles.

Representatives of ECA in London showed me a graph that was being prepared showing the agricultural production in England had increased 40 percent since the war. Naturally, I asked them what was responsible for it. I was immediately informed that it was due to our Marshall plan aid. I told them that I had been advised the grazing land of England had been reduced since World War II from approximately 58 to 41 percent, and I imagined it was just reasonable to assume that a portion of that 18-percent reduction in grazing land had been put into arable land. While they agreed with me in my assumption, I regret they were not able to show me where they had taken that factor into consideration in making their graph.

Anyone will acknowledge that the economy of Great Britain could not have helped being restored to some extent with all the money we gave her, but I cannot help but feel the people of Great Britain should have been advised as to what we have done to help her. Whenever I asked our representatives in England why the English people were not fully informed about what we are doing for them, I generally got the reply that the British are very proud people, and we could not afford to offend their pride.

The conservative leaders blamed our Marshall plan dollars for keeping the Labor government in power. They contended that if we had not given Great Britain so much money, thereby keeping the Labor government in power, they would not have been saddled with the socialist program of nationalizing their industries. The conservative leaders also poo-pooed the information that has been put out by the State Department that if they had not kept the Labor Party in power England might have had a form of government worse than that of the Labor government. Of course, there is no proof that they would have had something worse, while on the other hand, there is always the possibility they could have had something better if the conservatives had been returned to power at an earlier date.

Mr. Chairman, I was in England a second time last year, just prior to the general elections which were held on October 25. For several evenings prior to the elections I made it my business to go out and listen to speakers for both the Conservative and Labor Parties. As a

matter of fact, two nights before the elections I traveled with Mr. Clement Attlee and listened to his arguments in favor of the Labor Party. The afternoon before the elections I traveled with Mr. Churchill to listen to him. It was very interesting to see that at the conclusion of every talk Mr. Churchill held up his right arm with the famous V for victory. In every instance he never forgot to close his remarks with "And for dear old England." It made one admire a man of his position, who, all through the years had contributed so much to his country and at the conclusion of his remarks expressed his love for his native land in such a splendid manner. I would to God that we had more Americans who thought as much of the United States.

I hold in my hand 128 clippings of various newspapers of Great Britain, including 14 of the Daily Worker, the official Communist paper, in which are recorded the views of the various candidates for office during the general election campaign. They include such men as the following members of the Labor Party:

Mr. Emanuel Shinwell, Minister of Defense.

Mr. Henderson, Secretary of State for Air.

Mr. Herbert Morrison, Foreign Secretary.

Mr. Hugh Gaitskell, Chancellor of the Exchequer.

Sir Hartley Sharncross, President of the Board of Trade.

Mr. Naewvin Bevin, recognized leader of the radical block in the Labor Party.

Mr. Clement Attlee, Prime Minister.

Mr. Strachey, Secretary of State for War.

Mr. Robens, Minister of Labor.

Mr. Webb, Minister of Food.

Mr. P. C. Gordon-Walker, Secretary of State for Commonwealth Relations.

Mr. Stokes, Lord Privy Seal.

Lord Jawitt, Lord Chancellor.

In addition to those of the Labor Party you will find among these clippings reports of speeches of such well-known people of the Conservative Party as Winston Churchill, Anthony Eden, Sir John Anderson, Lord Woolton, and Sir David Fyfe.

Also, you will find reports of speeches by leaders of the Communist and Liberal Parties. The reason I bring this to your attention while we have under discussion the mutual security bill is because not a single speaker of any party made mention of or gave credit to the United States for what it has done for Great Britain in aid, with the exception of one occasion. Mr. Anthony Eden, speaking at Old Milverton, Warwickshire, on October 21, 1951, in reply to many criticisms that had been leveled at the United States, said:

The critics of the United States were ungenerous.

Since returning from England I have repeatedly stated in my numerous lectures that in my opinion the Labor Party had no desire to actually win the election last October. It appeared that they wanted the Conservative Party to win

by a small margin but not enough to have a dependable working majority, with the hope and the knowledge that the Conservative Party could not possibly bring Great Britain out of her economic dilemma. The reasoning was that at the next general election the Labor Party would be returned to power with a very large working majority which it did not have in the last Parliament. Frankly, in my opinion, the Labor Party engineered the economy of Great Britain into such a tangled and helpless condition that the Conservative Party will not be able to fulfill its promises made in the campaign, and the Labor Party will be returned to power at the next general election with a much larger majority than it previously had in Parliament.

Let someone might say that I had purposely selected certain reports of speeches in this collection of only those which did not give credit to the United States for what the taxpayers had contributed to the economic well-being of England. I wish to state that this entire file of news clippings was compiled for me in the United States Embassy in London. This was done that I might know what the various candidates and leaders of the political parties were saying in the campaign, and particularly as to their attitude toward giving credit to the United States for our aid. As a matter of fact, listening to Clement Attlee two nights before the general election he made a great to do about the fact that industrial production in England had increased 50 percent since the war but did not hesitate to emphasize that credit for the entire 50 percent increase was due to Labor and the Labor Party alone. It is easy for anyone to appreciate the fact that after the factories, public works, transportation, and everything else had taken a terrible beating during the war, and production, naturally, was at a very low mark, it would have to improve—even without any aid from the United States.

The British, and particularly members of the Labor Party, blame us for all their troubles in Iran. It came to me as a surprise to find the people of England did not blame the Labor Party at all for the troubles in Iran but only the Americans. On every occasion I received the same explanation, to wit: If the Americans had not gone into Saudi Arabia and Iraq and made contracts with the Government wherein they received fair profits for the oil taken out of those countries, the British could have continued to take oil out of Iran on the basis of their original contracts. These were made many years ago and gave the Iranian Government very little compensation for the oil that they extracted from that country. In most instances I was told the Iranian Government was only receiving a 10-percent royalty from the British companies, while the Governments of Saudi Arabia and Iraq received approximately 50 percent royalty on oil. The Iranian Government asked Great Britain to renegotiate their contracts, which the British positively refused to

do. They insisted that the Iranian Government live up to the old contract that was made many years ago which was very unfavorable to Iran in comparison with the American contracts in Iraq and Saudi Arabia. After the British refused to talk about renegotiating the contracts with Iran, the Iranian Government served notice that they would expropriate the British oil properties and nationalize the oil industry in Iran. Although the Labor Government of Great Britain registered a protest against this procedure, it was an ineffective one, in view of the fact that they had just completed nationalizing practically all of the industries in Great Britain. Furthermore, the Iranian Government had precedence for its action because it was only 12 or 13 years ago that the Mexican Government expropriated all the American oil properties in that country. In return it gave the American companies only about 10 cents on the dollar for the investment they had made in building up the oil industry of Mexico.

Outside of Government officials in Great Britain, another startling discovery was that I found no one who had the slightest idea that the greater portion of the 95 percent of our Marshall plan aid known as counterpart funds had been applied directly to reduce the national debt of Great Britain. Members of the Conservative Party pointed to this as one of the main reasons the United States was responsible for the British industries being nationalized as a result of keeping the Labor Party in power for so long.

FRANCE

One of the greatest mistakes the Economic Cooperation Administration made in many European countries, and particularly in France, was that we should have insisted that the Government collect the just taxes from its people before we gave a dollar in Marshall aid. During my two visits to France last year, I made it a point to talk with many people in various types of business. Invariably they informed me that in their opinion the French Government was not collecting within 50 percent of the taxes that should have gone into the treasury. Personally, I believe it would be more correct to say that the French Government only collects 25 percent of the taxes it should. I take the stand that we should have insisted that they correct this evil before any aid whatsoever was given to them. Not that I wish to betray any confidences regarding tax collection, but I was informed that in reality almost every businessman was carrying the tax collector on his payroll in one form or another.

The most popular game in France seems to be one government falling after another, due to the fact that every premier wants to be sure he doesn't offend any political party or the various splinters of political parties. No one to date has been willing or had the courage to tell the French people the truth about their economic and financial conditions and institute remedies to put their government on a sound basis.

I was informed that approximately 1,000,000 people have been added to the

civil payrolls and that once a person is on the payroll it is next to impossible to dismiss him. This is one of the reasons the government-owned French railroads run at such large deficits every year.

Mr. Chairman, if you do not agree that a large portion of the hard earned money of the American taxpayer is going down the sewer, listen to this. The French Government actually subsidizes the Communist-dominated and controlled French trade unions. A portion of this is our money because for years we have been pumping money into France. This, mind you, is money that the Congress of the United States has appropriated to stop and contain communism.

One of the most flagrant examples of waste of American taxpayers' money in the form of Marshall aid to France has been in rebuilding the French railroads. In numerous instances spurs and branch lines of the French railroad system were rebuilt, including stations and bridges where, for many years, there has been practically no traffic and no revenue. They were only rebuilt because of the influence of local politicians when the communities should not only be served by, but have been and are being served by busses and trucks. These obsolete lines should have been scrapped years ago, the same as we permit railroads to discontinue service and abandon road beds in the United States for economy and efficiency. These branch lines of the French railway system are responsible for tremendous deficits in operating expenses each year.

The French, like most Europeans, think we are crazy to keep pouring the American taxpayers' dollars into the economy of European countries and, in my opinion, they will never knuckle down to business and help themselves to the extent they should as long as they know they are going to get hand-outs from Uncle Sam.

BELGIUM

In all fairness I must report that I believe the ECA mission in Belgium has done a better job of educating the people of the country as to what we have done for them under the Marshall plan, and its effects, than in any other country I visited last summer. Unlike England, the men in charge of our Marshall plan aid in Belgium were able to produce their records, radio script, and newspaper articles, to prove that they had done everything within their power to let the people know exactly what we have done for them. The people were appreciative. They were not too proud to be told that we had come to their economic aid.

The Belgian people as a whole seemed industrious and were working hard. The results showed it. In my opinion, the economy of Belgium is in better condition than any country in Europe, with the exception of Switzerland.

It was, however, rather difficult for me to determine whether the agricultural program as followed by the ECA in Belgium or the one followed in Italy was correct. Over a long period of years the large farms of Belgium, having been handed down to heirs, have been divided so many times that the average size of

many farms in Belgium today is around 10 acres. The program of the ECA in Belgium is to consolidate these farms into large ones, whereby it would be economical to use improved mechanized methods of farming.

For fear someone might get the impression that the people who are on these small farms must eke out a living from them, I wish to state that in most cases the people who work them have employment in industry and take care of the farms evenings, week ends, and in their spare time.

However, in Italy I found the ECA's agricultural program was just the opposite of what it was in Belgium. In the southern part of Italy there are many large estates that for years have not been put into production. Instead of using modern, mechanized methods on these large estates to produce food, ECA was splitting them up into small farms, the average size of which is about 10 acres. This will make it impossible to use mechanized equipment on them. In other words, they are establishing a program in Italy which is diametrically opposite to that in operation in Belgium.

COMMUNISM

In every country I visited I went into the question of whether communism is on the decrease or on the increase. My reason for doing this was because the billions upon billions of dollars which have been appropriated for aid under the Marshall plan were obtained from Congress because we have been assured time and again that it is for the purpose of stopping and containing communism. Unfortunately, it has done neither. This is particularly true in France and Italy, where communism is more prevalent today than at any time since the cessation of hostilities at the end of World War II. Nevertheless, the record does show that communism has been on the decrease in Belgium. I was expressly anxious to learn why it had decreased there and not in other European countries. I had the privilege of having a long discussion with Mr. Finet, the general secretary of the General Federation of Trade Unions in Belgium, whom I found to be a very well-informed man, not only on matters of labor but also on economy and government.

After my conference with Mr. Finet I had a long visit with the Minister of Justice on the very same subject. It is the responsibility of the Minister of Justice in Belgium to keep a check on all radical elements within the country—especially Communists. He is recognized as one of the best authorities in Belgium on the subject of communism. His explanation was the same as that of Mr. Finet. They both told me that during the war, when Russia was considered our ally, the Communists in Belgium did very effective work in what was known as the underground. These Communists were not Russians or natives of any foreign country, but Belgian nationals. As such they were either given or obtained far more recognition than they deserved. They were made members of the Belgian Cabinet and were given many high offices in the government. Because of their ag-

gressiveness, propaganda, and organizational methods, they were able to deceive the Belgian people regarding their true objectives and thereby received support at the polls, which enabled them to be elected to various public offices. But after the truth of Yalta, Potsdam, Tehran, and the Korean war became known to the Belgian people, and they learned the truth about communism, they have been repudiating the Communists at the polls more and more each election. Therefore, the Communists have been receiving fewer votes each election.

ITALY

Mr. Chairman, after my survey of the operations of ECA in Italy I was rather curious to ascertain the qualifications of Mr. Mildren L. Dayton, the man in complete charge of ECA operations in that country. As a result, when I returned to Paris, I took occasion to check his application for employment. I was quite surprised to learn, at least in my judgment, that he had no qualifications whatsoever for such a responsible position. I challenge anyone to prove that he did. According to his application he had been employed by the international division of the American Red Cross in civilian relief from May 3, 1943, until the last of May in 1947, when he filed his application for employment with the Department of State. Incidentally, he was recruited for this position by the State Department because on his application he stated his reason for changing employment was at the request of the State Department. At the time he was employed by the American Red Cross, his application shows that he received a salary of \$2,400 per year. At the time he presented his application for employment to the State Department he was receiving \$4,800 per year, plus full maintenance. Is it any wonder that our entire Marshall aid program has been such a complete failure when a man whose only qualification was that he supervised and distributed packages and participated in civilian relief was put in charge of such an important phase of the program as Italy?

I was told in Rome, Italy, that Mr. Dayton's salary for ECA was \$15,000 per year, plus a limousine with a private chauffeur, plus a home and servants, plus a cost-of-living allowance and an unlimited expense account.

The ECA in Rome occupies a large office building almost across the street from the Embassy. As I left the building one day at the lunch hour I noticed approximately 15 automobiles with chauffeurs around the building. In a few minutes the employees poured from the building into the waiting automobiles and away they went. A short time before the 2-hour lunch period was up I was again in the vicinity and observed the returning automobiles. The employees entered the building while the cars and chauffeurs waited. I mention this for two reasons: First, because the ECA building is in the best location in Rome for bus, streetcar, and taxi transportation; secondly, I consider it an unjustified waste of the taxpayers' money. Excellent restaurant facilities are available in the immediate vicinity.

I do not believe the man over here who carries his lunch in a dinner pail is going to like that. He figures his kids need shoes with the tax money Uncle Sam collects from him a lot more than ECAers need a chauffeur and a leisurely ride to get a 2-hour snack. This is only one instance. I can just imagine the resentment among the working men and women of America over this so-called foreign-aid program if there were some way of bringing the entire story to their attention.

Time will not permit me to go into detail on everything in Italy, let alone some of the various other countries, but let us just for a moment look at one or two situations there. I am sure they are quite representative of how our giveaway program of the taxpayers' money has been administered in most of the countries receiving this form of aid.

Mr. Chairman, I want you and the Members of this body to keep in mind that our fundamental and primary objective in this program, according to statements from President Truman, Dean Acheson, and other officials of our Government, has been to stop and contain communism. The man in charge of the ECA Information Program for Italy was one Frank H. Gervasi. Under his misguidance, insistence and direction, 3 concerts were put on to stop communism. These concerts were held in Lucca, Bari, and Rome. So-called artists were imported from all over the world at tremendous salaries and expense accounts and were accompanied by a 65-piece orchestra. The comptroller of ECA funds in Italy informed me that the total cost of these concerts was 18,500,000 lira. When I returned to Paris I checked with the general comptroller of ECA for all of Europe to see what his figures showed. He informed me that the 3 concerts cost 23,500,000 lira. Mind you, this is just the actual expense and does not take into account the time and expense of our large personnel in ECA in Italy and many other items that were not directly charged to the concerts. I shudder to even hazard a guess what the overall cost of these 3 concerts might have been because of the shocking effect it might have on our systems. At any rate, it would be interesting if the full truth about them could be brought out some day.

We all know and appreciate that the Italian people are world renowned for their love of music and for their musical talent. When Mrs. Busbey and I were in Milan we were fortunate enough to get tickets to a concert conducted by the great Victor DeSabata and complemented by a chorus of more than 200 voices. Mrs. Busbey was at one time a concert violinist and we both have on many occasions enjoyed fine concerts in the United States, but I am frank to say in all sincerity that this particular concert was by far the best I had ever had the pleasure of hearing.

Mr. Chairman, on numerous occasions I have asked many people what they thought these 3 concerts had to do with stopping communism. I have yet to have anyone give me a satisfactory

answer to that question. To illustrate how ineffective our programs have been in combatting communism, let me give you one of the most effective means the Communists have of recruiting favorable opinion to them, particularly in Italy.

In nearly every village there is a small park with a bandstand. The Communists hire a very few pieces of music and invite all the people of the village down to the square to dance and have an enjoyable evening. During the evening they serve the natives free beer and sandwiches and everybody goes home happy and feeling kindly toward the Communists, because they know the Communists did something for them. Whenever the Communists do anything for the people of any of these villages, everyone in the village knows that the Communists did it. Mr. Chairman, I am not advocating free beer and sandwiches. I am merely reciting the facts to illustrate the point that for peanuts, as far as money is concerned, the Communists put over an effective program where our billions have failed.

The people of Italy would be much better off if the money that was spent on these three concerts had been used to build a playground in some slum area so that the children could have obtained benefit. This would have been worth while and everyone would have known that America did it for the people of that area.

As in the case of Mr. Dayton, I was rather interested in the background of Mr. Frank H. Gervasi, who was in charge of the information program for ECA in Italy. When I returned to Paris I looked over his application form for Federal employment. After viewing the names of his reference it was quite understandable to me, at least in part, why our ECA information program in Italy was a complete failure as far as combatting communism is concerned. The references given by Mr. Gervasi on the application form in the Paris office were as follows: William Shirer, Leland Stowe, Cornelia Bryce Pinchot, Ralph Hetzel, Nelson Perry.

Mr. Chairman, William L. Shirer, Cornelia Bryce Pinchot, Ralph Hetzel, and Leland Stowe have been affiliated with several organizations designated by the Attorney General as Communist. Mr. Gervasi's application should not have been considered under any circumstances in view of his references, particularly because of the objectives of the ECA organization which we were told were to combat and stop communism through economic aid. Is it any wonder that our European aid program has failed and the taxpayers' money in most instances wasted and the entire operation correctly named "operation rat-hole."

RAILROADS IN ITALY

During my inspection trip in Europe I used many modes of transportation. I drove approximately 4,000 miles by automobile, in some cases I used commercial airplanes, but in Italy my traveling was done entirely by train. I will not try to tell of my experiences by train because they are beyond description.

Even pictures could not do justice. Frankly, it seemed like the entire population of Italy was trying to get on the particular train I was riding. The old expression "packed in like sardines" would not begin to describe the number of people who tried to travel in each railroad car. This method of travel permitted me to observe the railroad stations in the small towns and villages of Italy. I was greatly impressed with the beautiful, modern, up-to-date railroad station in every town. A great deal of our Marshall plan money has gone into building these new stations. While I do not begrudge the Italian people these beautiful, new, modernistic railroad stations, I could not help but compare them to our modest little stations in small towns throughout America and wondered what our people would think if they could see what their hard-earned tax dollars had built for the people of Italy.

The station in Rome is by far the most modernistic station in the world. It is reasonable to say that it is three times larger than the traffic warrants at the present time. It will be many, many years in the future before they will ever have the capacity to utilize such a large station. As long as they had the ground for the station they could have built a portion of it now and the rest when the traffic demanded it.

Mr. Chairman, in view of the fact it is common knowledge that the businessmen and industrial firms of Italy, as in France, keep two sets of books—in most cases three—and it is impossible to get an accurate profit-and-loss statement or balance sheet, I was interested to determine what method was used by the Finance Division of our ECA mission in Italy to ascertain what company should be granted a loan in preference to another. I had quite a long conversation with Miss Anne R. Friedman, Finance Analyst of the Finance Division, as well as other members of the committee. When we finished it all boiled down to the fact that they did not have any dependable information on which to base their grants but relied on a committee in the Italian Government known as IMI. I am sure if one could delve into the situation he would find that many industrial concerns of Italy are receiving ECA financial grants which, in reality, do not need them. It is certainly no secret that tremendous wealth is leaving Italy and France to be invested in Africa and South America, a great deal of it going untaxed.

AMBASSADORS

A very embarrassing thing which has been brought about because of our Marshall plan in Europe is that not only ECA but other missions give our officials the rank of Ambassador. It seems every time we appoint a chairman of some mission to Europe he is sent over there with the rank of Ambassador, to say nothing of our regular Ambassadors who represent our Government and also our roving Ambassadors. In fact, it is quite embarrassing to people who call the Embassy and ask to speak to the Ambassador to have the person answering the telephone inquire, "To which Ambassa-

dor do you wish to speak?" For the sake of eliminating a great deal of confusion and misunderstanding, bickering as to protocol at social functions, and so forth, we should discontinue the use of the term "ambassador" in connection with everyone in our missions and confine it to the accredited Ambassador for the State Department. I contend that we should have one Ambassador, and only one, in these various countries.

DISMANTLING IN GERMANY

While I propose to make a detailed report at a later date on the Morgenthau dismantling program in Germany, I wish to state in passing that the reason we are spending money in Germany, under the Marshall plan, is in part due to the fact that we let the British and Russians dismantle the factories of Germany and we are now called upon to furnish the money to rebuild them. It would have been bad enough if the program had been confined to dismantling, but I saw factories where the British just ruined the machinery with tremendous acetylene torches without any attempt to dismantle them. If any program could have been handled worse than the situation since Roosevelt recognized Marxist Russia in 1933, it is the dismantling and occupation program of Germany.

Because we fell for the so-called Morgenthau program, which in reality was the brain child of Mr. Morgenthau's assistant, Harry D. White, who has been identified by Elizabeth Bentley as connected with a Communist cell within a Government agency, all of which has never been disproved, plus the fact that we have let the British make the Administration agree to a plan not to let Germany produce, the American taxpayers are again being called upon to put up untold millions to maintain the economy of Western Germany. I talked to many Germans in various sections of Germany and everyone told me they would not need Marshall or any other kind of aid if the United States would let them produce many items needed for the Western European defense program, including steel. Every industrial man I interviewed in Germany assured me all that was needed was a loan to be amortized over a period of 10 years.

With the shortage of steel it seemed almost like treason to find one of Germany's largest steel mills permitted to operate at only 5 percent capacity, especially in view of the fact that when I was in Frankfurt there was a teletype conference between our State Department and the Steel Board in Germany to determine the possibilities of getting 100,000 tons of steel from Germany to replace the steel lost in the Kansas floods in the spring of 1951. How stupid can we get? No one but the bright boys in the State Department would think up such an insane question under conditions at that time.

SPAIN

Mr. Chairman, I want to say just a word regarding the situation in Spain before I conclude. I believe this is one of the most misunderstood and mishandled problems in Europe. I must say the Communists in the United States have

done an effective job in distorting the actual facts. In my conversations with the high-ranking members of the Spanish Government, I asked them what their attitude was toward coming into the NATO program. The answer I received was always the same, "We have not been invited and until we are invited there is nothing to talk about." It was a true answer to my question and I am thoroughly convinced that the reason Spain has not been invited into the NATO program is due in a large part to the economic objections from England and France and the well-planted propaganda by the Communists and their fellow travelers.

I cannot speak for others, but the State Department will never do a very good job convincing me that they are sincere in their attempts to contain and stop communism until they make use of all the anti-Communist forces there are in the world—which includes Western Germany, Spain, and the Chinese Nationalists.

In many instances when I talked to our representatives abroad about bringing Spain into the defense of Western Europe program, they would throw up their hands in horror and want to know if I thought we should have any traffic with a vicious dictator like Franco. While I do not approve of a dictatorship under any circumstances or conditions, I do know that the Spanish people are definitely anti-Communist and they could put an army of 1,000,000 violently anti-Communist, well-trained, hard-fighting men into the field in a period of approximately 4 months.

The inconsistency in the policy of the State Department is that we have been using the taxpayers' money for years to support dictators, particularly in Central and South America, to say nothing of a Communist dictator in Yugoslavia by the name of Tito. This is understandable when one realizes that since the New Deal has come into power the United States has never had a definite foreign policy. We wait until Soviet Russia acts and then we react. We wait until she moves and then we make a countermove. The unfortunate part about it all is that the countermoves that we make are feeble, ineffective, costly, and while we are bleeding ourselves white economically and forcing America into bankruptcy, the Communists go forward with their program of communizing millions and millions of additional people each year and bringing them under the domination and control of Marxist Russia.

If all the anti-Communist manpower that is available were utilized it would not be necessary for the United States to have a single division of American soldiers in Europe. Oh yes, I appreciate the fact that every time a congressional delegation goes out to General Eisenhower's headquarters it is given the usual treatment on what a great thing the presence of the American soldiers has been to boost the morale of the European people. But that is not as I found it when I was over there and talked with people on the highways and byways. As a matter of fact, they resent very much our soldiers being over there and are

fearful that we intend to get them into another war and cause their cities and homes to be bombed and the lives of many of their people lost.

To the credit of Spain it must be said that notwithstanding the fact that she has always been one of the poorest countries of Europe and endured a civil war to defeat communism, she has made a remarkable recovery without the help of Marshall plan money.

Mr. Chairman, there is an old saying, "put the oil where the squeak is," and the squeak in this instance is in the lap of the Democratic administration because they and they alone are responsible for world conditions as they are today.

The Congress could vote 10 times as much money as the administration is asking for under this so-called mutual security program and it would not stop communism. Communism is an ideology and you cannot stop an ideology with money or all the weapons and atom bombs in the world. The only way we can defeat an ideology is with a better one and the proper technique and personnel to sell it to the peoples of the world. We have the best ideology and system of government in the world but, unfortunately, the program that the administration has pursued has been a dismal failure and we are in a mess because of it.

CONCLUSION

Mr. Chairman, by wasting the resources of the United States we are playing right into the hands of Joe Stalin. We must change the give-away policy of the administration or face the future a bankrupt nation. At the present time the initiative is held by Stalin and we will never be able to obtain it until we have a positive program administered by men who not only know communism, but are capable of effectively fighting it. Who is coming to our rescue after we have dissipated our resources? We have reached a point where there is not a single nation we can depend upon in a final show-down. Every time we appropriate five or ten billion dollars for foreign aid every nation is angry because it did not receive a bigger share of the pie.

On May 5 to 7 of this year the State Department held a national conference on United States foreign policy where representatives from 60 to 70 organizations were indoctrinated with the State Department policy in pushing its present foreign-aid bill. The delegates were instructed to go back into their communities and organizations, spread the gospel for foreign aid and whip up sentiment in favor of the bill we have before us for consideration. No one can argue the fact that it would be impossible to throw these billions of dollars into various countries without helping their economy to some extent, but when they are back on their feet, what then?

The people in the State Department realize that the various European countries will reach a stage of overproduction soon. They will then propose to have Congress vote additional billions to take the production off their hands and sustain tremendous losses in an attempt to

effect what they call stabilization of world economy. It is the hope of the State Department that the point 4 program will be carried on indefinitely and eventually transferred to the United Nations.

Mr. Chairman, little do the people realize that the give-away program of the New Deal has cost the American taxpayers since July 1, 1940, a total of \$122,747,400,306, including fiscal 1952 appropriations. If the Congress should authorize the full amount requested in H. R. 7005 for fiscal 1953 in the amount of \$6,901,100,000, it will bring the total up to nearly \$130,000,000,000. This figure will be startling to many people but it will be more startling to them when they realize that this does not include moneys appropriated for our own Department of Defense.

Looking at the report of the Committee on Foreign Affairs that accompanied H. R. 7005, I call your attention to line 5 on pages 30 and 31—expenditure data. You will find that as of February 29 of this year, according to this report, there was an unexpended balance for military assistance of \$9,471,537,373 and an unexpended balance for economic and technical assistance of \$11,760,919,050, or a total of \$21,232,456,423 of foreign aid already appropriated by Congress that was not even obligated as of February 29, 1952, let alone spent.

Mr. Chairman, sooner or later this entire give-away program must of necessity come to an end. I do not know of a better time than right now when there is an unexpended balance in excess of \$21,000,000,000.

Mr. Chairman, if there is one sure way of losing friends, whether individuals or nations, it is to meddle in other people's business. We have at the present time nearly 100 missions of one kind or another telling people all over the world what they should and should not do. It is only natural that they should resent our interference with their habits and customs just as we would resent some other country interfering with ours. We should stop this meddling in other people's business and trying to make them over into the image of the New Deal before it is too late. It is a well-known fact that you cannot buy friendship with money.

Mr. Chairman, because the foreign-aid program of the administration has not been successful in containing or stopping communism and in the interest of keeping the United States economically sound and militarily strong, I sincerely hope that enough Members of this House will stand up and vote their honest convictions and defeat this bill.

Mr. RIBICOFF. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. BATTLE].

(Mr. BATTLE asked and was given permission to revise and extend his remarks.)

Mr. BATTLE. Mr. Chairman, I intend to take only a few minutes, and will confine my remarks largely to expressions of confidence and respect for the chairman of my committee, the gentleman from South Carolina, Mr. JAMES

P. RICHARDS, who is fighting to get the best program possible out of this debate.

The distinguished chairman of our committee [Mr. RICHARDS] has always fought hard for an enlightened foreign policy in the best interest of our country. At the same time he has been one of those who has kept constantly in mind the necessity of keeping foreign-aid expenditures within safe bounds in relation to the economy and well-being of our country.

All of us know that being chairman of a great committee in the House of Representatives is no easy job. Especially is that true of the chairman of the Committee on Foreign Affairs. It takes a strong man to stand up against tremendous pressure, as the gentleman from South Carolina [Mr. RICHARDS] is doing today, and hammer out a sensible, effective, long-range program in the interest of preventing world war III and helping our boys on the fighting fronts in Korea when more tangible, more appealing but less valuable benefits are being promised on every side if the House would only vote to cut out the foreign-aid program altogether. I am in agreement with Chairman RICHARDS that the value of our efforts must be measured in terms of saving the lives of our American boys and preserving our great country so that we can continue to enjoy the American way of life. He has drawn fire, as well as members of the committee and those supporting this program, from Congressmen who say that this legislation provides too much money, and from others who say that it provides too little money, which to me lends credence to the belief that possibly this program, as it is being presented by the Committee on Foreign Affairs today, is not too far off base.

From my daily contacts with him I am sure the gentleman from South Carolina, Chairman RICHARDS, realizes emphatically that the United States of America and our taxpayers cannot continue to carry indefinitely the tremendous burden that we have had to shoulder in the past few years. But he realizes also that we cannot live alone as a nation and be successful; and he knows, too, that we cannot solve our problems by running away from them. He has never run away from anything and I know that he is going to be successful in working out a reasonable program with the Members of this House. His dedicated effort deserves our backing.

I would like to point out that so far as the last request for foreign aid is concerned, Chairman RICHARDS personally introduced a new bill cutting off nearly a billion dollars before he even brought that legislation up for consideration before the Foreign Affairs Committee and then the committee made further cuts in it. Under his leadership something was done that a lot of people who challenge the Foreign Affairs Committee said was an impossibility, and that is to cut off the program once it was started. The American people and the recipients of our economic aid had been promised that the ECA program would end last year

and he lead the fight to end that program. Direct treats of invasion from Russia necessitated the development of a realistic program of military assistance to our allies as an alternative to letting Europe and Asia go by default to Russia which surely would have multiplied our difficulties and our expenses a hundred times. In such a situation we probably would already be fighting world war III with losses beyond our imagination. The establishment of an independent administrator of this program who incidentally has done a very good job, shows the statesmanlike and independent character of the chairman and the members of the committee who insisted on this policy.

During floor consideration of the original Mutual Defense Assistance Act, H. R. 5895, on August 18, 1949, the gentleman from South Carolina, Chairman RICHARDS, proposed an amendment to cut the original authorization for the North Atlantic Pact countries in half, from \$1,160,990,000 to \$580,495,000, and to limit the authorization to 1 year instead of 2, as proposed by the committee bill. The Richards amendment was adopted in the House by a vote of 209 to 151. While the reduction was not retained in the latest conference agreement, the limitation of 1-year was kept—with forward contract authorization—so that the Congress insisted on the right to review the program a year later rather than 2 years afterward.

In explaining the purpose of his amendment, the gentleman from South Carolina [Mr. RICHARDS] said:

The committee amendment proposes a 2-year program and provides the funds for it. It is proposed that about one-half of it be spent the first year, the fiscal year 1950. I propose that this Congress authorize no more than one-half of it now, and when they come back here next year and report to the Congress as to what progress has been made in the field of unification, standardization, and cooperation in Europe, we will consider their case on the basis of achievement. Everyone understands that those three elements are essential in any defense plan against communism if it is going to be a success.

So ladies and gentlemen, the gentleman from South Carolina, Chairman RICHARDS, is realistic about this thing. He deplores waste and inefficiency. He wants the other nations to do their part too. I sincerely believe he is fighting the most effective way for the most precious values of all—the protection of his boys and perhaps your boys in the service and the security of our country so we can continue to live, to worship and act like proud, worthy Americans.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. BATTLE. I yield.

Mr. HARVEY. The gentleman I know has been very much interested in the entire foreign-aid program and has likewise been interested in protecting our own domestic industry and productivity. It came to my attention when I was in Europe in 1949 that from behind the iron curtain in Poland considerable imports of Polish ham were coming to this country. My area represents a very

important production area for the meat of this country, particularly pork. I came back home and have since had the opportunity to check into it and I find that we are bringing into this country considerable quantities of Polish ham. I believe in 1950 we brought in about 7,000,000 pounds and about 5,000,000 in 1951. I wonder if the gentleman, who has had an opportunity to study this problem at considerable length, can explain for the benefit of the committee why we who are trying to protect the free people of Western Europe are permitting these extensive imports to come in here in direct competition with our own products and at the same time permit the dollars to escape behind the iron curtain where they most certainly will be used against us.

Mr. BATTLE. I appreciate the contribution that the gentleman has made and also the very pertinent question he has asked. As the gentleman knows, I have been very vitally interested in the proposition of controlling trade behind the iron curtain, especially the curtailment of shipments that would add to the war machine of the Communists. If the gentleman will study the latest figures he will see that all trade to and from the iron curtain has reduced considerably in the past few years. I think and hope that trade coming in this direction at the present time is proving to be beneficial to us rather than to the nations over there.

Mr. HARVEY. I know it has been the policy of our own country, insofar as dealing with our allies in Western Europe is concerned, to discourage further trade with the satellites, with countries behind the iron curtain, and with the Soviet Union insofar as it is possible to do so. It was not only the general effect the bringing of Polish hams here would have upon our industry but it was likewise difficult for me to understand how we could explain our attitude to our allies over there when we were doing the very thing that we suggested they not do.

Mr. BATTLE. Actually, we are insisting that our allies follow our embargo and screening policy with Russia and her satellites at the cost of losing our economic, military, and financial aid because they were trading with the enemy to the detriment of our mutual security long after we had stopped trade of vital materials.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. RICHARDS. Mr. Chairman, I yield the gentleman one additional minute. If he will yield to me, I would like to say that the gentleman who is speaking now is the author of the Battle Act which establishes the policies just outlined. He has made an extensive study of the question of east-west trade. His bill was passed by the Congress and I am sure that the results will be everything that the gentleman desires in connection with this competition that is coming to us from behind the iron curtain.

Mr. HARVEY. I would like to say that the farmers of Indiana, who have seen a cut of 50 percent in the price of their products, do not take very kindly to seeing billions of pounds of Polish ham com-

ing into this country in competition with our own.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BATTLE. I yield to the gentleman from Iowa.

Mr. GROSS. I am sure the gentleman knows we are still importing dried eggs from Hong Kong, China, which come out of Communist China. They are not produced in Hong Kong.

Mr. RICHARDS. If the gentleman will send me a Polish ham I shall appreciate it.

Mr. GROSS. I will take the gentleman out here on Rhode Island Avenue and he can get an armful of them this afternoon.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

(Mr. BATTLE asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from North Dakota [Mr. BURDICK].

(Mr. BURDICK asked and was given permission to revise and extend his remarks.)

Mr. BURDICK. Mr. Chairman, this Mutual Security Act amendments now before us authorize an expenditure, more than heretofore authorized of over \$6,000,000,000. Those of us who oppose this bill will have very little time to make our objections known. The chairman of the committee, the gentleman from South Carolina, is enthusiastically for the bill and on the minority side, the gentleman from Ohio evidences a similar attitude. These two men grant the time to Members who desire to speak. I desire to speak, hence I go to the Republican side and ask permission of the ranking Member, the gentleman from Ohio. He knows I am against the bill and hence I could not expect much time nor did I get it.

The first question asked by the chairman of the committee, the gentleman from South Carolina, to soften up the opposition, was this:

Do you think the United States is in danger? Are we in danger of losing the land we love and its institutions which we cherish?

I did not answer his question then, as I could not have done so without using his time. I answer now, Yes, sir; we are in danger of losing our form of government and the institutions which we cherish, but not from the source you suggest—Russia. We are more in danger from those who advocate the building of a world government through the United Nations, than we are from the Russians. This NATO—the North Atlantic Treaty Organization—is a branch or offshoot of the United Nations, and the chairman who asked that question has always been doing his utmost to support the United Nations. Now he wants us to appropriate more than six billions to support this illegitimate child of the United Nations. If the gentleman would be a little more hesitant in advocating the United Nations, he might observe that the enemy this Nation has to contend with is the very organization that

he, in his great wisdom, recommends to the people of this country.

Does he not know that when the Senate approved the Charter of the United Nations that it took away from Congress the power to declare war? Does he not know that as long as we remain in that organization, the Security Council of the United Nations has the power over war that the Congress had under the Constitution? Does he not know that in case we are attacked, we can use our own judgment in the manner we choose to defend, but after the first clash, the future conduct on our part is not determined by ourselves, but by the Security Council of the U. N.?

Does he not know that the love of country and reverence for our institutions, which he is so afraid we shall lose, is being lost this very day through the instrumentality of the U. N., which he supports?

Does he not know that the UNESCO is the publicity agent for the U. N. and the NATO and that a calculated and premeditated course of instruction has been planned and that the children of this country are to be the first to be indoctrinated in this new education to educate the people to become citizens in this world government?

Does he not know that Columbia University is now busy with two phases of this education: First, the selection of the proper textbooks for our schools; and second, the preparation of teachers to go out and teach this new doctrine? Does he not know that this teaching is going on today in our public schools? Does he not know that these teachers say that the love of country and its institutions is a handicap for this new citizenship? Does he not know that these teachers say the love of country taught in the homes of children must be eradicated? The gentleman, I am sure, is a loyal American and wants to preserve our Government and our institutions, but the irony of it is that the very institutions which he wants to protect are being destroyed by the very organization he supports.

I will further say to the gentleman that there is not a law on the statute books of South Carolina relating to FEPC—a live subject south of the Mason and Dixon's line—that cannot be repealed without any action on the part of the Legislature of South Carolina, or the Congress of the United States. If there is any law in the South on this subject that conflicts with the Charter of the United Nations it will be automatically repealed. Two courts in California have already decided that the provisions of the Charter, as approved by the Senate of the United States, becomes the supreme law of this country. If these court cases are followed, all that would be necessary to accomplish the repeal of all segregation laws in the South would be to bring an action in court. When the gentleman supports this organization he is contributing to the overthrow of State laws on matters of human welfare. In the approval of this Charter every Senator from the South who was present voted for the Charter.

This is a dark day for the forces who wish to preserve the Constitution of the United States and our institutions of society. In this report filed with this bill there is not a single Republican signature dissenting from the majority, and in the vote which follows I will venture the opinion that 80 percent of the Democrats will support it and 50 percent of the Republicans. In other words this Congress wants to continue our foreign program that is costing us \$1,000,000,000 every month; that is fast placing a tax burden on the people of the United States which they cannot bear; that is costing us the lives of our boys—with no end of it in sight. Already 112,000 American boys have been lost in this senseless policy. But this Congress wants to keep it up. The chairman on the Democratic side, the chairman on the Republican side say we must have this foreign policy.

If everyone in Congress wants this foreign policy continued, why have a political campaign at all. Why put Truman out? Kefauver is for the same thing; Eisenhower is for the same thing; Stassen is for the same thing; Dewey is for the same thing. If this Congress is so hell-bent on keeping up this foreign policy, why not leave Truman where he is? He can ruin the country just as fast as anybody else who can follow the program.

Well, some say Truman has had a lot of crooks in his administration. That is correct, but I do not believe the President knew what they were doing. If you leave the Republicans in power for 24 years, it is barely possible that a few crooks would turn up, so if you Republicans in this House want to keep and support the Truman foreign policy, why do you not be honest about it and support the man who has been running it?

There is only one feature of this appropriation which I will support, and that is aid to refugees. The United States has been an asylum for the oppressed and discouraged of all countries, and we have kept this asylum here for 150 years. The people who came and found freedom where it did not exist in their homeland have become Americans and have built this great Nation of ours. These refugees who have been downtrodden, helpless, and hopeless should be allowed to come here where our Constitution gives them an equal opportunity with all others to enjoy a government of freedom. We can give this aid in the name of humanity. We should always maintain on these shores this great Nation where people from every nation may come to escape the tyranny under which they have struggled in the land of their birth. We shall lose this great Nation if we do not preserve our Constitution and do not expend ourselves into a condition where communism will spring right up in our midst.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. HAND].

(Mr. HAND asked and was given permission to revise and extend his remarks.)

Mr. HAND. Mr. Chairman, I appreciate the yielding of time by the gen-

tleman from Ohio to one who is not a Member of the committee. Under the circumstances the time yielded is reasonably generous, although on a subject of this kind it is manifestly impossible to even attempt to cover as broad a problem and as broad a situation as the one with which we are dealing and which I firmly believe to be the most important legislation which will come before the Congress at this session. All of our policies, domestic and otherwise, our taxes, our national debt, our present crisis in Asia, everything stems, in my judgment, from the foreign policy which we have unfortunately adopted.

There is only time to discuss one or two phases of this matter. I think we ought to be a little more skeptical, a little more careful about how we read our headlines and how we listen to our radio commentators from time to time. It was made to appear, for example, when Mr. Acheson returned from the Conference in Lisbon—and his speech emphasized over and over again—that he had made giant strides at the International Conference in Lisbon. Those were the words we heard for some time after he returned: "Giant strides made by these four men conferring in Lisbon." I think we ought to look for a moment to see what some of those giant strides were. One of the things he emphasized most particularly was that by the end of 1952—and after all, that is still some months from now—that we would have 50 divisions in the NATO army in Europe. You read that story just a little bit more carefully, as I think was mentioned by other speakers and by the gentleman from Iowa [Mr. Gross] a moment ago, and you will find those 50 divisions are not really 50 divisions; they are actually about 25 combat ready divisions, as was apparent in that same statement if it were read carefully enough, and was also made clear by the testimony of Lieutenant General Gruenther before the committee in the other body some weeks after the Acheson speech. These 25 combat ready divisions—and I think even that is optimistic—is not very much of a giant stride in a build-up of defense against the only possible aggressor, which is the army of Soviet Russia, which has in being, I understand, not less than 175 divisions, so that the giant strides do not seem to me to be worth quite so much emphasis as was then given it.

The gentleman from Iowa also mentioned—and this is something which is lost sight of, and I think it has been somewhat disputed of late, too—that when Mr. Acheson returned he said that they had made another stride; they had agreed upon the amount of money necessary to finance this program over the next short period—I think some 2 or 3 years; I think it was 3 years, and that amount was decided to be \$300,000,000,000. Well, of course, we have had enough experience to realize that if there is any necessity to raise the sum of \$300,000,000,000, that means that the money will be raised by the United States. I emphasize the point made by the gentleman, whom I listened to very attentively, that when these four men

got through deciding, they had, of necessity, to go back to their parliaments. Nothing was decided; they just had agreed among themselves to go back to their parliaments and say, "This is what we talked about at Lisbon, and now what can we do to implement it?" And when Mr. Schuman went back to the French Parliament he said, in effect, "Now look, boys. We talked about \$300,000,000,000 for the further defense of the NATO army. You have to pay your share. Your share is not too much of this right away, but you will have to raise some millions;" I think it was \$157,000,000, and as soon as he mentioned the word "money" the French Cabinet fell.

The point I am seeking to make is this. I have tried since I have been in Congress time and time again to advocate and support a program to build up a common and truly mutual arrangement, but this thing is not mutual and it has not been. We have been looking to our allies to assist us and act with us in good faith. But, they just have not been doing it.

I would like to call your attention to this, which is rather significant. The President said in one of his recent speeches that the French are making contributions to this cause, and while they are not helping us much in Korea—we are paying 95 percent of the cost in Korea as every Member of this House knows, both with respect to casualties and money—while the French are not helping us in Korea, they are joining with us in the common fight against communism, and they are doing their work in Indochina.

Let me suggest for the consideration of the House that in Indochina, although the opponents of the French there are in all likelihood led by Communists, I am not sure that is a war against communism in Indochina. I am very much inclined to think it is a fight by the French to maintain, to keep hold of, their colonial empire in that territory.

Mr. HAYS of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. HAND. I yield.

Mr. HAYS of Arkansas. I think it should be pointed out, however, that France is exerting herself in this general effort around the world to resist communistic aggression. We often, in our observations over some failure of France to conform to our foreign policy, overlook the monumental sacrifice that this little country is making. Her population is much less than ours and it is true that her casualties are in excess of ours.

Mr. HAND. I get the gentleman's point. I think that is a perfectly fair observation to make. Nevertheless, the fact remains that the cream and the flower of the French army—and they are suffering casualties—are in Indochina, and they are spending there approximately the amount of money the United States is giving them under Marshall plan funds for this collective effort of ours.

Mr. HAYS of Arkansas. The gentleman agrees that the expenditures of France in Indochina is an operation that is as vital to her defense as the United Nations operation in Korea have been

in excess of Marshall plan aid, which France has received?

Mr. HAND. I think it is roughly the same. It may be somewhat in excess.

Mr. HAYS of Arkansas. I think the gentleman will find that it has been in excess.

Mr. HAND. While I have a great admiration, as I think we all have, for the past history and traditions of the French people, in this fight against communism we must always bear in mind that the French parliament, is now approximately 30 percent Communist itself, so that perhaps our dependence upon them is not altogether reliable.

Mr. HAYS of Arkansas. Does not the gentleman agree that that indicates that the severity of the struggle in France is accentuated by that? Here is a converging by the Communists on France that puts a greater burden on those who are resisting and who still, we can be thankful, constitute the majority. In other words, the democratic ideal is still prevailing in France.

Mr. HAND. There is no question but that the French people are bearing a burden, but there is this question: There have been lots of remarks made lately that we have to help France because their economy is still violently suffering from the effects of the war. I call to the gentleman's attention a recent article, written, I think, by Mr. Karl Hartman, of the Associated Press, who may or may not be an expert on this situation, who tells us that the French production of steel and coal and the other munitions of war is very much higher now, very much higher than it has ever been, including the period before the war, and that out of the population of France today, which is some forty-three or forty-four million, there are only 33,000 persons in that country unemployed; so that their economy as a matter of fact is quite stable and quite prosperous. I think they could do pretty much their full share.

It occurs to me that this business of supplying all arms for Europe is rather an anomalous situation, because for years and decades and centuries Europe has been quite able to supply its own armies to carry on a continuous series of wars. It seems to me a rather new thing that now they are unable to make arms and unable to use them except those with which we supply them.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HAND. I yield.

Mr. SMITH of Wisconsin. I wonder if the gentleman could point out any provision of this bill which will help the political situation to which the gentleman from Arkansas referred.

Mr. HAND. I am sure I know of none. I mean I do not suppose that we could, under any circumstances, and probably would not even desire to interfere, as we say, with their internal affairs.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HAND. I yield.

Mr. GROSS. And the fact remains that the French Government at the end of the last war could have given at least

some independence to the Indochinese, and perhaps avoided what was going on. They invited it.

Mr. HAND. I think that we are carrying water on both shoulders. On the one hand we say that we are against the colonial system, and that we believe in the self-determination of peoples. On the other hand, we support the French in their fight for their colonial empire in Indochina, and we support the British in their fight for their colonial empire in Malaya.

If we examine the President's statement urging this bill with realistic eyes, and with minds actually seeking the truth, we find that in effect it is a series of completely unproved assertions and is a piece of special pleading for the large appropriation which he wants. Now I hasten to say that I think that Mr. Truman is sincere about the program. There is not much else he can do. He has been advocating this aid and assistance to Europe for the last 6 years, and he cannot very well say now that he thinks the whole thing has been a mistake and we had better stop it. He has got no place to go except go on.

In the very beginning of the President's speech, which you probably heard on the radio, or saw on television, he said this:

The Mutual Security Program is just what its name says. It is the way to get security, security against aggression and war, through mutual effort, through the effort of many nations helping one another. This program is already in effect and is working successfully.

How I wish that that were so. While for many years I have had the gravest doubts about our ability to make a practical working success out of the Government's foreign policy, I have repeatedly said that I believe in and favor the United States participating on an equitable and fair basis with other civilized nations of the world working toward the goal of mutual security and world peace. If such a program were really working effectively, you and I would have great cause to rejoice. But the simple truth is that it is not.

Let us look again at the President's statement that "we are obtaining security through the effort of many nations helping one another." Let us see what nations are really helping to achieve security for themselves and for the United States. In the beginning, we can pretty much dismiss Greece and Turkey from any European defense effort in Western Europe, because they are behind the iron curtain and it is not likely that they can be useful at all unless we are insane enough to contemplate some land action in Asia. The individual soldiers of both armies are courageous fighting men, but both are located badly for any effort in Western Europe; both are financed to a very large degree by American money, and it is a very grave question as to whether they are assets or liabilities. We can certainly dismiss Luxemburg, which is not as large as my congressional district; and we can pretty well dismiss Norway and the Netherlands, because, although they have some of the best people in the world, they

have not either the population or the resources to put up a fight, and were beaten to their knees in a matter of days during World War II by strong air attacks.

I have not forgiven and I am sure you have not, the monstrous conduct of the Germans in World War I and II, and I fear the complete revival of the economic and military power of Germany will create as dangerous or perhaps more dangerous a menace than Russia now poses. Notwithstanding this, historically, the German Army has been the most effective fighting force in Europe in modern times, and it is very doubtful whether any defense of Europe can be successful without a full and enthusiastic German participation. There is not a German soldier today in any European army. I do not see any signs whatever of the willingness of the German people to once again militarize themselves, and to once again subject themselves to the hazard of a major war being fought across their territory. And it is certainly safe to say that for a year, or 2 or 3 years, you will not see an effective German army in the field with the unified European army. If there is a menace, it is now, and not 3 or 4 years from now, and within that time you will not see German participation. Of equal importance is the limited cooperation by France. Now the great bulk of the best of the French army is, and has for some time, been engaged in fighting a colonial war in Indochina, to such an extent that they are wholly unable fully to participate in the so-called joint defense of Europe, as they have been completely unable to assist us in our major war in Korea. Not only is that true, but as I just said, the amount of aid under Marshall plan funds and for military aid and other purposes that we have been giving France so generously over a period of years has been all spent—all spent mind you on their colonial war in Indochina. The President admits this in his speech and he says that after all that is their contribution because they, too, are fighting communism. But I am again suggesting to you that although their enemy may be led by Communists, they are really fighting for the preservation of their colonial empire.

France has been taxing our materials and our efforts to build bases in France and for France, and when they were asked to raise their taxes by some 15 percent to participate in the defense of France and of Europe, that the government fell because their parliament refused to raise taxes for that purpose; and the truth is that Europe for the most part, and France in particular, and Belgium notably, are far better off than they were before the war. If they insist on fighting a long-drawn-out, completely fruitless war in Asia, that is their fault and not ours.

The most important point that the President made and the only one in my judgment which is worth much consideration is the fact that he said that if we do not have friends somewhere, there are vital materials which we need that we cannot get. Well, that is not too true,

because you can always buy what you need. Indeed France and Germany were buying from each other right during World War I. But he does make a terrific blunder when he talks about our needing steel from somewhere else, when the fact is that we are the great steel producer in the world, and when he talks about possible shortage of copper and aluminum, he overlooks the fact that we do not get those materials from Europe, we get them from the Western Hemisphere. Few materials that we need are not obtainable in enormous quantities either in our own country, or in the other countries of North and South America. If you think we rely on Britain or Malaya, or any other place for rubber, I call to your attention our magnificent efforts in the production of synthetic rubber at the beginning of World War II, and it is a great shame that that production was ever allowed to die out, because we can produce more synthetic rubber than we need without relying on Asian production of natural rubber to any substantial degree.

The President quite naturally backs up his Secretary of State and repeats Mr. Acheson's speech that the agreement made at Lisbon to establish a European army represents one of the greatest advances toward European unity that was ever made. The truth is that there was no international agreement made there at all. There was an agreement between four men which has to be subject to the scrutiny and in some cases the opposition of the parliament of 14 different nations. When they agree, then it is time to talk about great strides and great progress toward European unity. Mr. Truman makes a great point of what we have been doing in and for Indochina, and that we have been introducing irrigation and providing the pumps to pump water for irrigation and so increasing their supply. Increasing the food supply for whom? For Indochinese natives, who are fighting our ally, France, and unfortunately giving them a hard time, too. Along the same line he talks about the essential steps of boosting food output in India, and generally helping India. Well, the Congress last year passed an appropriation of \$190,000,000 to supply wheat for India, and I have not seen the slightest change of the attitude of the India nation toward us or toward the United Nations since that gift was made.

I still want to emphasize that a little bit more effort, and a little bit more money, and a little bit more attention to the home front will greater strengthen our economy and our ability to defend ourselves, than scattering this money to the four corners of the earth.

The President said in the course of his speech, and I quote:

This is not a program to carry the world on our shoulders. It is a program to make it possible for the world to stand on its own feet.

If I could believe this, I think I might be for it. It is flatly untrue. It may not be designed for that purpose, but

in effect it has been a program for us to carry the world on our shoulders, and I see no signs whatever of their standing on their own feet.

He says again:

The essence of this whole effort is that it is a joint effort. We do our part and others do theirs.

The criticism that I make is not the theory of this plan, but that in fact we do it all, and others do not do their share. Once more I am obliged to call your attention to the fact that in one place in the world where war has actually broken out, which, of course, is Korea, that 95 percent of the money, of the armaments, and of the blood and casualties of that war have been furnished, not by the United Nations, and not by France, or England, or Germany, or Luxemburg, but by the United States.

Mr. Churchill, with all the good will in the world, said to us when he was before Congress a few weeks ago that if a truce did not result in Korea that the action of the British Government would be resolute and immediate. He has been apologizing for that ever since he got back to England, because I do not think that the British people have any intention of participating in our effort in Korea, or to take any chances of further offending China by an effective alliance with us.

Any time that I am persuaded that we can rely on a really effective and mutual effort in which other nations do their full share and we do ours, I would be willing to look at such a program without prejudice. But so long as the United States is obliged to pick up the whole check, as we have been doing for the last 5 years, I must tell you frankly that I am "agin" it.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, I am not going to add in my discussion to the generalities that have been presented in this debate, around the general purposes of this particular bill. I am more interested in the direct problem of avoiding waste and misappropriation in any bill, and to be sure that in any bill which we pass in this Congress, we are going to get our dollar's worth. I appreciate that the bill before us is not an actual appropriation bill, but that it is an authorization. My experience, however, shows me that if you go ahead and authorize, then the argument that there is authorized is used when the actual appropriation comes up. That is the reason I want to discuss this matter of waste and misappropriation. Loose dollars will always beget waste and corruption. Frequently, when we get into a broad subject as in this bill, there is a lot of generalities and a lot of conflicting philosophies, and we lose sight of the fact that actually there may be some of us who are really concerned about one thing, and that is if we are going to do something, let us be sure that the dollars we say we are going

to spend are going to be used for that purpose. Let us tie those dollars down so that there will not be any loose dollars. This bill, as I have gone through it, is full of loose dollars, just as I have noticed that every bill that the State Department has brought in is full of loose dollars. I mean by loose dollars, dollars that are just not justified. Possibly, they could be justified, but at least they have not been justified on the basis of the hearings and on the basis of facts and figures. That was the reason, incidentally, that I directed the attention of the chairman, the gentleman from South Carolina this afternoon, and asked him whether or not the committee had studied the program in detail, which was set up in Lisbon because after all, this bill is supposed to be for the purpose of enabling that program to go ahead. I was interested to know whether the committee went into the details, the end items that are supposed to be procured, and the scheduling of their production. There is nothing in the hearings other than generalities. I am very much afraid that its all the committee has had to go on. Herein lies your danger of waste and misappropriation. Last year I debated against the foreign aid bill for the same reason, exactly. I said though the money had been asked for in certain amounts, \$8,000,000,000, I believe, there were certain funds still available and unspent. I am going to talk a little too about these unobligated items. With reference to the unspent funds, I said you could still go on without appropriating a single cent last year for Mutual Security and it would not affect the program at all. I submit the situation as we find it here on the floor today eminently justifies my statement because only \$1,000,000,000 of the appropriated sum was actually spent and here we are today ready to help do what is necessary to keep the program moving.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. VORYS. Mr. Chairman, I would like to call the attention of the committee to the gentleman's comment and his analysis of the meaning of that famous word "obligation." I assume he is going to come to that part of his remarks which should be studied by those who feel that obligations are something sacred and untouchable.

Mr. CURTIS of Missouri. I certainly intend to direct my attention to it, because on page 32 in the committee's report it states:

Under United States fiscal procedure Government agencies are not allowed to enter into procurement contracts unless the funds have already been appropriated from which payment is to be made against such contracts.

The same statement was made in debate last year and I challenged it on the floor. To check my own judgment I called up the Government Accounting Office to find if that was true. It is not true. The gentleman from Connecticut [Mr. RIBICOFF] is under the same misapprehension as the committee report.

Actually, you can authorize, for example, the building of a battleship, and then you can appropriate what is to be spent for that particular year of construction of that battleship. Then, the next year you appropriate what is necessary then. You can do the same thing with this whole program. I submit it would be well if we would refer to the Constitution of the United States, which, even if the General Accounting Office did not limit us, limits us in that expenditure. The Constitution says, article I, section 8, the Congress shall have power "to raise and support armies, but no appropriation of money to that use shall be for a longer term than 2 years." So you are limited there.

Now there has been a great deal of talk about this obligation of funds and long lead time items. I want to go a little further into this obligation of funds. It is a very complex problem, because if you base your question not on whether you are going to use the funds, but whether you are going to enter into a contract, it is very easy for the Government agency, whether it is the Army, the Navy, or the State Department, to get around the restrictions on appropriations. All you have to do is to enter into a contract, which contract can actually have a late delivery date or a termination clause, and you can say the funds are obligated. The contract itself may be infirm and stupid. Later you may get out of the contract and then you can use the funds for other purposes, and that is exactly the wide open door to waste, corruption, or thwarting congressional will and intent. You must take a detailed look at the obligation contracts.

Let me refer exactly to what I am talking about. I called this matter to the attention of the chairman of the committee a little earlier today. On page 45, of the committee report, where we are talking about the amount of money that was appropriated last year for Latin America, the sum was \$38,000,000. This year the committee very wisely asked the State Department why that money was still unobligated—it was not even obligated, mind you, not spent and not obligated as of January 31, 1952. Mr. Edward G. Miller, Assistant Secretary of State for Inter-American Affairs said:

Before we can absolutely negotiate with the countries concerned we had to wait for the Joint Chiefs of Staff to draw up the plans under the appropriation for the best use of the appropriation.

I hope you get the significance of that. In other words, last year we voted \$38,000,000, and nobody knew what it was going to be used for. This Congress failed to go into the details of the matter nor did the committee go into the matter. Actually, if the matter had been gone into, the State Department would have admitted that they had no detailed plans for what they were going to use the \$38,000,000. What did the \$38,000,000 mean? Obviously it did not mean a thing. It was just a figure to hang some oratory on concerning our fine intentions to our South American friends. I am going to offer an amendment with ref-

erence to this item. Today the State Department is asking \$62,000,000 more, for South America, and that, too, has not been justified. There are no schedules, no figures, no breakdown. Just pious intentions and well phrased good wishes. Just exactly the sort of thing to slip loose dollars in on. Just exactly the thing that breeds waste and corruption. I think you will find the same thing is true of the \$3,800,000,000 that they are asking to implement the Lisbon conference.

I noticed some general remarks were made by the gentleman from Connecticut [Mr. RIBICOFF] about the fact that this three and eight-tenths billion was for tanks and airplanes. He used some round figures in a most general sort of way. Now, I know a little something about the production schedule in this country. I will tell you right now that you cannot produce those planes or tanks for Europe in the next year, and you do not need that money because you cannot spend it. Our production schedule will not absorb it. All of this hue and cry that we are going to wreck this program by looking into it and trying to cut out these loose dollars which produce waste and extravagance, all of that talk is just so much malarkey. I noticed somebody pointed out what General Eisenhower had said on this program, that any sizable cut would endanger the program. But then when a reporter, not a Congressman, a reporter pointed him a bit, he said, "Surely, any budget can be cut in certain places." Then he added, "After all, I do not run a statistical department over there," or something to that effect. If people do not know the details, I wish they would quit generalizing and enable those who feel we should study the details to go into these details and find out when the money is being properly and realistically appropriated and when it is not.

This is not a question of whether we are for mutual aid or not. I happen to be for a mutual-security program somewhat along the lines of this bill and those preceding it, although that may surprise you a little bit; I am very strongly for the basic idea. But I certainly am not going to vote for something when I do not know where the money is going. And I am talking about details. These things should be looked into. It is Congress' duty to look into details and not just indulge in the happy luxury of generalizing and orating. We expect the committee to examine the details, but the committee has not done it. For that reason the committee may expect many more cuts to this bill, and I hope they will be approved by the membership.

Mr. RIBICOFF. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. RIBICOFF. In the first place, I may say to the gentleman there was complete discussion before the committee as to what end items were going to what specific countries. I think the gentleman will realize that certainly it would be a breach of security if we were to detail on the floor each and every item

and to what country those items were going.

Mr. CURTIS of Missouri. Let me ask the gentleman first, Did you make any estimate or study about the delivery schedule of those end items? Did you look into the production schedules? And did the State Department have production schedules for those end items? I am willing to state that the gentleman found no production schedules, and that, indeed, there are no production schedules. That the program to implement the Lisbon Conference is not blueprinted, that the \$3,800,000,000 are figures out of the air—pious hopes and glittering generalities. Come back to the House when the program is sufficiently in shape to give us the details, otherwise we will be merely creating more loose dollars.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. RICHARDS. Mr. Chairman, I yield 1 minute to the gentleman from Missouri [Mr. CURTIS].

Mr. RIBICOFF. Mr. Chairman, if the gentleman will recall my statement he will remember that my statement was that these figures were not projected against the program to produce the items in this particular current fiscal year, but we extended it over 3 or 4 years.

Mr. CURTIS of Missouri. Exactly; and that is my point.

Mr. RIBICOFF. The gentleman should realize that you are actually in a position where contracts have been let for the tanks and the planes that we are talking about. The money we are authorizing in this bill is for additional tanks and for additional planes, none of which will be produced during this fiscal year, because it takes at least 2 years to produce a tank or a plane.

I may say to the gentleman that I have been just as critical as the gentleman and have been critical in the committee of what I considered the slowdown and lag of production schedules. I think the administration has gone too slow, but I believe they are finally on their way.

Mr. CURTIS of Missouri. I do not want to yield further because I would like to answer that while I have time at my disposal.

That is the whole point; we do not need to appropriate the money in order to enter into those contracts; let us appropriate the money when the day of payment is within clear sight. We can authorize a schedule when you have your blueprint in detail, mind you, not in generalities; go ahead then and make your contracts and your firm schedule and total it up, then appropriate the money as and when it is necessary. This is the only way you stop creating these loose dollars from which spring waste and corruption. This is the only real way to get your dollar's worth.

Mr. RIBICOFF. The gentleman's statement is at complete variance with what has been given to the committee by the fiscal experts in charge of Government funds.

Mr. CURTIS of Missouri. By the Government Accounting Office? By the Constitution?

Mr. RICHARDS. Mr. Chairman, I yield 12 minutes to the gentleman from Florida [Mr. LANTAFF].

Mr. LANTAFF. Mr. Chairman, at the appropriate time, I will offer an amendment to the mutual security bill, the purpose of which is to deny foreign military or economic aid to any country that does not contribute the same proportion of its gross national product to the development and maintenance of its own defensive strength, as the American taxpayer is today being called upon to contribute to the defense of the United States and of the free world.

During the course of the Bonner committee's investigation overseas, American officials in country after country recited to the subcommittee the obstacles to economic recovery and defense production interposed by antiquated and inequitable tax systems—systems which weigh heavily on the under privileged and allow the wealthy to escape making and substantial contributions to the national revenues.

The highly regressive indirect taxes prevalent in many European countries have serious repercussions not only upon the distribution of benefits from various aid programs, but on the specific activities of our own forces in constructing and maintaining defense facilities. During our conferences in France, the subcommittee was advised that an estimated 15 or 16 percent of United States military dollars expended in France represented taxes paid to the French Government. These taxes were levied mainly on activities related to construction of bases and lines of communications across France. The Department of State is to be commended for its efforts to negotiate with the French Government looking to an agreement that would relieve the United States from paying such taxes in connection with its military expenditures in France.

The more enterprising of our ECA officials have worked diligently, if not always successfully, with the governments of recipient countries to bring about needed reforms in taxes, land tenures, and other fields, to provide a more solid ground-work for Mutual Security. Greece and Italy have recently passed tax laws which promise some improvement and France has shown signs of active concern in the matter. However, our efforts must be even more strenuously exerted to promote and encourage measures of self-help to ease in some measure the burdens of the American taxpayer in supporting foreign aid.

The amount proposed to be spent for national security this year is almost four times what we spent for the same purposes in the year before the invasion of Korea. Our policy of containing communism around the entire Soviet periphery could well lead to the Kremlin's primary objective—the collapse of capitalism and free enterprise. It was Lenin who sometime ago predicted that the United States would spend itself into bankruptcy and destruction; and unless we take aggressive action to cut spending wherever possible, we are on the road to a realization of that prediction.

I am convinced, however, that a sound program of mutual security will do much to deter aggression and prevent world war III. It makes sense to put a rifle in the hands of a Turk, a helmet on an Italian youth, and furnish a French squad with a machine gun—provided they are evincing their willingness to fight and defend their countries by doing all within their ability to help themselves. If the program is to be truly mutual, then the cost should be borne mutually by those participating nations, consistent with their economic ability.

Some say that unless we continue to pour billions of our tax dollars into foreign lands, we cannot hope to provide an adequate defense of the free world. But is this true?

Through the Marshall-aid program, industrial production of participating countries far exceeds prewar levels. For example, using 100 as the index for 1938, industrial production in Western Germany in June of 1951 was 153; in Belgium, 144; in Denmark, 155; in Italy, 138; and in Turkey, 152. Shipbuilding and steel production in Western Europe far exceeded prewar levels. The volume of foreign exports of Marshall-plan countries amounted to only \$722,000,000 in 1938, whereas in June of 1951, it totaled almost \$2,500,000,000.

With these facts in mind and realizing that many of these same countries supported large military forces solely through their own economy prior to World War II, it is difficult to understand why we must continue to pour unlimited American tax dollars into those same countries in order to insure that they are now prepared to defend themselves against communistic aggression.

We have been assured by our military leaders and those advocating continued and expanded military aid to other countries that these recipient nations have the will to resist communism and that they can be counted on when the chips are down to stand by our side. Unfortunately, our only experience to date in this respect has been in Korea.

Now, specifically, just what will my amendment provide? If adopted, the Director of the program will be required to determine for each fiscal year the gross national product of the United States and the proportion of that gross national product which the United States expends for the development and maintenance of its own defensive strength and the defensive strength of the free world. Gross national product is, of course, the total value of all the goods produced and the value of the services rendered in a country. It will include, for example, the value of all of the automobiles, ice boxes, and clothing produced during a given year, as well as the value of services rendered by professional people as measured by their income. This is the yardstick used, for example, by economists and by our own Mutual Security people in measuring the economic ability of a country.

After determining the gross national product of the United States, the Director will then be required to determine the gross national product of a recipient

country and the total amount of its gross national product that is being contributed to its own defense. In the event a recipient nation is not carrying its share of the mutual burden, then the Director is to notify that country of his intent to terminate assistance authorized by the Congress.

Now, for the purpose of determining the amount being spent by any nation for the development and the maintenance of its own defensive strength, I have taken into consideration the fact that the American soldier is the best-paid soldier in the world today. In contrast with the pay and allowances received by the American serviceman, the Turkish soldier, for example, receives only about 20 cents a month. Since we choose to pay our soldiers in this way, it does not appear fair to me to include this item of expense in our determinations.

For the purposes of my amendment, I have also excluded our expenditures for military assistance to other nations and our expenditures for atomic energy purposes.

Therefore, these three items would be excluded from the Director's determination as to whether or not a recipient country was contributing the same proportion of its gross national product to its own defense, as was being contributed by the American taxpayer to our share of the mutual burden.

Within 60 days after the Director serves notice on a recipient country, mutual assistance is to be terminated unless the President determines that adequate measures have been or are being taken by the nation concerned to assure that the proportion of the gross national product expended for defense will not be less than the United States, or, that the contribution required by this amendment would seriously jeopardize the political or economic stability of the nation, and that adequate measures are being taken by the recipient nation to make the full contribution to the mutual defense effort that is permitted by the manpower, resources, facilities, and general economic conditions.

Should the President make such a determination and continue the mutual aid to that country, then that fact will be submitted in the report required by the Mutual Security Act.

This is not a new idea. In the case of the Philippines, the United States was compelled to make the extension of further economic aid contingent upon certain internal economic reforms subsequent to the findings and recommendations of the Bell mission. Agreements between ECA and the Philippine Government led to the enactment of a minimum wage law for the first time in the history of that country and reorganization of the tax system, to the extent that 60 percent more in taxes is now being collected by the Philippine Government.

If this remarkable increase in revenues by establishment of a more equitable tax system is any indication of the possibilities in Europe, budgetary deficits now compensated directly or indirectly by American economic aid can be to a large extent eliminated.

Although there are numerous statistics to the contrary, let us accept, for the purpose of this discussion, the figures furnished me by the Mutual Security Agency as to the percentage of gross national product being collected in taxes by the countries receiving our aid. The total in the 14 European countries is 22 percent, as compared with 18 percent in the United States. Those figures represent tax revenues by the Federal Government alone and do not include taxes being collected by subordinate units of the Government.

Now, how is that money being expended by these recipient countries? In the fiscal year 1951, the United States contributed approximately 50 percent of its total budget for defense; whereas, the United Kingdom contributed only 22 percent; Italy, 23 percent; France, 30 percent; and Belgium-Luxemburg, 15 percent. Today, more than three-fourths of our total expenditures will go for major national security items.

I realize that it might be politically unpopular with the leaders of the other nations to have to deny their people some of the governmental and social services that they demand; however, in America, we are turning a deaf ear to our own needy citizens and doing without many worth-while projects because of the tremendous sums being disgorged from our Treasury for defense and foreign aid. Most of the countries receiving our aid are blissfully unaware of the contributions being made by the United States to their own recovery.

An analysis of the tax structure of the countries receiving foreign aid leads me to the conclusion that our whole program is tending to make the rich richer, and the poor poorer. For example, foreign aid under the mutual assistance program can be extended to the owner of a shipyard in Trieste to build ships for use by Italy in connection with its defense program. The owners of that shipyard will realize considerable profit as a result of our aid. But little, if any, effort is being made to collect income taxes from those same people in order to help finance Italy's defense effort; and when Italy then faces a budgetary deficit, we send more American dollars to Italy in order to balance its budget and keep its economy strong.

At the same time, however, the worker in the Trieste shipyard is being taxed heavily through excise and sales taxes and he sees little, if any, tangible benefits from our foreign-aid program.

As one American official stationed in Trieste stated with respect to the tax situation:

You can't have a stable, strong society if all of your taxes are of the nature that we have here—highly regressive taxes. There are taxes on our grocery bill and taxes on our cigarettes and salt and sugar and bananas, rather than an income tax.

Additional billions can be raised in each of the countries that we are extending aid to if they will enact sensible revenue laws and collect taxes from those who have the ability to pay.

As an example of what I mean, in the United States we are today raising 71 percent of our total tax revenue from in-

dividual and corporate income tax. By way of comparison, in France only 29 percent of its total revenue is derived from such taxes; in Great Britain, 46 percent; in Turkey, 10 percent; and in Italy, 13 percent. Now, obviously, we cannot dictate to these sovereign nations and force them to overhaul their tax systems to our liking; but we can insist that those recipient nations make a comparable effort to that being made by the American taxpayer. That is exactly the purpose of my amendment.

The American taxpayer cannot long continue to carry the whole backbreaking load of defending the world. We are asked to raise more taxes, but we have already scraped the bottom of the tax barrel. If mutual security is to continue, the taxpayers of other countries must assume a proportionate share of the burden. Unless they are so willing, then there is little hope that our pump-priming program will be successful.

Mr. BROWNSON. Mr. Chairman, will the gentleman yield?

Mr. LANTAFF. I yield to the gentleman from Indiana.

Mr. BROWNSON. As a fellow member of the Bonner subcommittee that made that trip, I want to compliment the gentleman on his observations and compliment him on this piece of legislation that he is offering as an amendment, which I think is absolutely sound, and something that will do a great deal to reinforce the morale of the American people which I think needs a little reinforcing at this time.

Mr. LANTAFF. I thank the gentleman for his contribution. I think it will certainly put a good taste in the mouths of our American taxpayers to realize that the other peoples of the world have at least put their shoulders to the wheel to the same extent that we in the Congress are requiring them to carry the load.

Mr. RICHARDS. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I rise in support of this 1952 Mutual Security Program because I feel it is necessary to the defense and the security of our own country, the United States of America. We on the Foreign Affairs Committee have already cut the administration's figure by \$998,900,000 for foreign aid. We, of course, must also have a military budget for our own defense domestically, which Congress has also cut to eliminate waste and inefficiency. The other necessary part of our defense program is the defense of our allies upon whom we will depend for support in case of trouble.

The Mutual Security Director came before the Foreign Affairs Committee and said that he felt that the American men were entitled to have other people share with them in the defense of freedom, and that our American young men are entitled to have well-equipped allies. That is what we are doing by the Mutual Security Program of 1952.

As a matter of fact, the defense policy of NATO and mutual defense has already been basically set. It is not at present in dispute. This bill is simply the third implementation of a policy of

military assistance to our allies as part of mutual defense against aggression.

Congress ought to look to see what we are going to get out of the current defense program and what our dollars are going to buy. For example, at the present time we in this country have 3,465,000 men in the Armed Forces. Canada has 91,000. Our United States Air Force is now being expanded to 126 wings and 17 groups. These people in the North Atlantic Treaty area that are being helped by this bill have 1,880,000 men now under arms.

At the Lisbon Conference last February the NATO countries agreed to provide 50 divisions by the end of 1952, 25 of them to be available on D-day and 25 more available at intervals between D-day and D-day plus 30. These NATO countries will provide 4,000 operational aircraft. They will give 704 major combat vessels and 924 smaller combat vessels toward our mutual defense. In addition to that, as you remember, under the Greece and Turkey aid program, these countries have forged ahead and have become real allies of ours, and they have now in being 25 good divisions. The sum total of this progress in mutual defense is a real threat to any aggressor who might try to disturb the peace of the world.

Our people in industry know that the farmers have a stake in this program. It has not been brought out to date in this debate, and I should like to speak something of that.

Europe is a group of countries that have pretty well exhausted the expan-

sion of their agricultural production. They have gone about as far as they can, so that their expanded agricultural needs will have to be filled from abroad. One out of every three European citizens now depends on food from abroad in order to meet a modest prewar standard.

For example, Europe depends right now on 500,000,000 bushels of wheat from abroad, 300,000,000 to 400,000,000 bushels of feed grains, fifty to sixty million bushels of soybeans and peanuts, 1,000,000 tons of rice, 2,500,000 tons of sugar, six to seven million bales of cotton per year, and 600,000,000 pounds of tobacco.

In fact, in the postwar period, if we look to see what has happened in agriculture in this country we will find that our exports of wheat to Europe have increased 650 percent. Canada increased her export of wheat only 10 percent, Argentina decreased around 50 percent, Australia dropped from 106,000,000 bushels of wheat export a year in the 1946-48 period to 60,000,000 bushels. And of course Europe has lost the granary section of Eastern Europe behind the iron curtain.

The head of the Foreign Affairs Department of the American Farm Bureau Federation, Mr. Garnett, was before our committee, and said this:

One of our important points here is that the basic and natural relationship between the United States and Western Europe is one where Europe is dependent upon American agriculture, not upon American industry.

So that any people from farm areas in Congress who want to keep and maintain a good set of customers and have these

customers solvent customers so that they can stand on their own feet and purchase their own food, should vote for this bill. We are helping these free countries defend themselves and lightening the governmental budget load when the burdens of rearmament for mutual security not only have resulted in increased austerity but have threatened to bankrupt economies in several instances.

Our safety and security require us to defend America and together with our friendly nations, to increase our strength so that no attack on the free world can be easily accomplished. We work for peace and security through the mutual security program.

The people from United States industry, and I from the city of Pittsburgh, know that the defense of these areas from which we get our raw materials, is essential to the continued high rate of production which we have in our industrial cities. Our prosperity depends on our having access to the raw materials which we process. We, therefore, want to keep open those areas in a free world so that these raw materials can flow into the United States of America and be processed and sold to our own people, and sold abroad in order to have good trade and good commerce and good defense.

Mr. Chairman, in closing I know there will be arguments on the status of the funds available and obligations and expenditures under the Mutual Security Program, I ask unanimous consent to include in my remarks at this point such a statement.

Fiscal status of Mutual Security funds

MUTUAL SECURITY—ESTIMATE OF FUNDS AVAILABLE, OBLIGATIONS, AND EXPENDITURES ¹

[Includes funds appropriated through fiscal year 1952 for ERP, China Aid, and MDAP on cumulative basis from inception of programs, and amount requested by the executive branch for fiscal year 1953. Also includes point 4 and other programs authorized in the Mutual Security Act for 1951 for fiscal year 1952 and amount requested for fiscal year 1953]

[In millions]

	Military assistance					Defense support, economic and technical assistance								Assistance to Spain ⁸	Total Mutual Security assistance
	Title I	Title II	Title III	Title IV	Total ²	Title I ³	Title II ⁴	Title III			Title IV ⁷	Title V	Total		
								Excluding UNKRA ⁵	UNKRA ⁶	Total					
OBLIGATION DATA															
1. Net cumulative funds available through fiscal year 1952.....	\$9,556.7	\$936.4	\$1,271.1	\$38.2	\$11,802.4	\$13,284.8	\$160.0	\$577.6	\$50.2	\$627.8	\$25.9	-----	\$14,098.5	\$162.5	\$26,063.4
2. Cumulative obligations through Mar. 31, 1952.....	7,566.0	652.5	812.2	-----	9,030.7	12,802.9	86.2	449.9	10.0	459.9	17.4	-----	13,366.4	52.7	22,449.8
3. Unobligated balance Mar. 31, 1952.....	1,990.7	283.9	458.9	38.2	2,771.7	481.9	73.8	127.7	40.2	167.9	8.5	-----	732.1	109.8	3,613.6
4. Estimated obligations Apr. 1, 1952, through June 30, 1952.....	1,782.5	229.5	380.5	22.4	2,414.9	481.9	73.8	127.7	40.2	167.9	8.5	-----	732.1	59.8	3,206.8
5. Estimated total cumulative obligations June 30, 1952 (item 2+4).....	9,348.5	882.0	1,192.7	22.4	11,445.6	13,284.8	160.0	577.6	50.2	627.8	25.9	-----	14,098.5	112.5	25,656.6
6. Estimated unobligated balance June 30, 1952.....	208.2	54.4	78.4	15.8	356.8	-----	-----	-----	-----	-----	-----	-----	-----	50.0	406.8
7. Authorization request for 1953 (executive request).....	4,145.0	606.4	611.2	62.4	5,425.0	1,819.2	196.0	408.0	-----	408.0	22.0	\$29.8	2,475.0	-----	7,900.0
8. Total available for obligation 1953.....	4,353.2	660.8	689.6	78.2	5,781.8	1,819.2	196.0	408.0	-----	408.0	22.0	29.8	2,475.0	50.0	8,306.8
9. Estimated obligations 1953.....	4,353.2	660.8	689.6	78.2	5,781.8	1,819.2	196.0	408.0	-----	408.0	22.0	29.8	2,475.0	50.0	8,306.8
EXPENDITURE DATA															
1. Net cumulative funds available through fiscal year 1952.....	9,556.7	936.4	1,271.1	38.2	11,802.4	13,284.8	160.0	577.6	50.2	627.8	25.9	-----	14,098.5	162.5	26,063.4
2. Cumulative expenditures through Mar. 31, 1952.....	1,958.3	253.1	362.4	-----	2,573.8	11,730.2	44.8	316.2	10.0	326.2	5.5	-----	12,106.7	20.2	14,700.7
3. Unexpended balance, Mar. 31, 1952.....	7,598.4	683.3	908.7	38.2	9,228.6	1,554.6	115.2	261.4	40.2	301.6	20.4	-----	1,991.8	142.3	11,362.7
4. Estimated expenditures, Apr. 1, 1952, through June 30, 1952.....	1,058.4	109.5	166.1	.3	1,334.3	726.4	94.0	153.2	40.2	193.4	17.2	-----	1,031.0	52.3	2,417.6

Footnotes at end of table.

Fiscal status of Mutual Security funds—Continued

MUTUAL SECURITY—ESTIMATE OF FUNDS AVAILABLE, OBLIGATIONS, AND EXPENDITURES¹—continued

[In millions]

	Military assistance					Defense support, economic and technical assistance								Assistance to Spain ⁸	Total Mutual Security assistance
	Title I	Title II	Title III	Title IV	Total ²	Title I ³	Title II ⁴	Title III			Title IV ⁷	Title V	Total		
								Excluding UNKRA ⁵	UNKRA ⁶	Total					
EXPENDITURE DATA—continued															
5. Estimated total cumulative expenditures, June 30, 1952 (items 2 and 4)-----	\$3,016.7	\$362.6	\$528.5	\$ 3	\$3,908.1	\$12,456.6	\$138.8	\$469.4	\$50.2	\$519.6	\$22.7	-----	\$13,137.7	\$72.5	\$17,118.3
6. Estimated unexpended balance, June 30, 1952-----	6,540.0	573.8	742.6	37.9	7,894.3	828.2	21.2	108.2	-----	108.2	3.2	-----	960.8	90.0	8,945.1
7. Authorization request for 1953 (executive request)-----	4,145.0	606.4	611.2	62.4	5,425.0	1,819.2	196.0	408.0	-----	408.0	22.0	\$29.8	2,475.0	-----	7,900.0
8. Total available for expenditure, 1953-----	10,685.0	1,180.2	1,353.8	100.3	13,319.3	2,647.4	217.2	516.2	-----	516.2	25.2	29.8	3,435.8	90.0	16,845.1
9. Estimated expenditures, 1953-----	6,391.7	531.5	896.1	43.0	7,862.3	1,888.9	140.0	346.0	-----	346.0	20.0	28.5	2,423.4	60.0	10,345.7
10. Estimated unexpended balance, June 30, 1953-----	4,293.3	648.7	457.7	57.3	5,457.0	758.5	77.2	170.2	-----	170.2	5.2	1.3	1,012.4	30.0	6,499.4

¹ This schedule is prepared on a net appropriation basis with adjustments reflected for actual transfers of funds between appropriations. However, the 1952 figures have not been adjusted for comparability to conform with the minor changes proposed in the 1953 appropriation structure.

² Reflects the merger of funds appropriated for the Mutual Defense Assistance program with the funds appropriated for military assistance pursuant to the Mutual Security Act for 1951. Excludes \$478.2 million transferred to title I economic under authority of sec. 101 (b) of the Mutual Security Act for 1951.

³ Reflects the merger of funds appropriated for the ECA European program with funds appropriated for economic assistance under title I of the Mutual Security Act for 1951.

⁴ Includes only 1952 funds appropriated for the economic program under title II of the Mutual Security Act of 1951.

⁵ Reflects the merger of funds appropriated for assistance to China under the China Aid Act of 1949 as amended with funds appropriated for economic assistance under title III of the Mutual Security Act for 1951. Excludes \$125 million appropriated for purposes of sec. 404 (h) of title IV, Public Law 472, 80th Cong., and excludes \$10 million transferred to State Department for China-Korea student program pursuant to Public Laws 327 and 535, 81st Cong., as amended.

⁶ Includes only the unobligated balance brought forward from funds appropriated for assistance to the Republic of Korea for 1951 pursuant to sec. 303 (a) of the Mutual Security Act of 1951.

⁷ Includes funds appropriated in 1952 for the Mutual Security Act of 1951 plus a balance at end of fiscal year 1951 brought forward from funds available to the Institute of Inter-American Affairs.

⁸ Includes funds appropriated in 1952 for the Mutual Security Act of 1951 plus \$62.5 million public debt authorization for loan to Spain authorized in cb. XI "Foreign Aid," Public Law 759, 81st Cong.

Source: Prepared by Comptroller, Office of the Director for Mutual Security, May 7, 1952.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICHARDS. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. CARNAHAN].

Mr. CARNAHAN. Mr. Chairman, H. R. 7005 is designed to help meet the responsibilities of our country in its present position of free-world leadership. We supply this leadership through our foreign policy. H. R. 7005 is legislation now necessary to further implement that policy. Therefore, a brief evaluation of our foreign policy should be helpful at this time.

Our foreign policy is the average reaction to international affairs of all American citizens, who, as individuals, want, first, to have his or her own chance in life; second, to assure at least as good a chance in life for their children; third, to set their own pattern of life; fourth, to live in peace; fifth, to be a good neighbor. By and large, this concept is consistent with the basic objective of the foreign policy our Government is striving to implement. That objective is to preserve the security of the Nation while helping to create desirable world environment. There is no simple prescription for the making of a democratic foreign policy, and regardless of varied ideas and interests, it remains the same—America seeking a way and a means to transform its hopes for a peaceful world into realities.

The President of the United States has the authority for conducting foreign relations, with the Department of State acting as his right arm. Congress holds the purse strings. Both the President

and the Congress are responsible to the people. The American people themselves speak their minds on United States foreign policy in a thousand ways. Through the press, radio, and television, and through the leaders of their churches, clubs, unions, and other organizations. The views expressed reach those who are responsible in making policy recommendations and are taken into account in arriving at policy decisions.

I think we ought to examine some of the basic concepts upon which America's foreign policy rests.

One major premise is that our freedom and our security are directly linked to the freedom and security of the entire free world. The programs under which we are cooperating with our foreign friends in building the collective defensive strength necessary to deter aggression is based on this assumption.

A second premise of our foreign policy is, that it seeks a just and honorable peace. Let me repeat that phrase, "a just and honorable peace." It is certain that we cannot have security for ourselves if we do not have a just and stable peace. It is equally certain that we cannot have security with a peace that was manufactured and dictated by the Kremlin. Peace without justice is not a secure peace.

A third premise of our foreign policy is that America's security is directly affected by the social and economic condition of the other free peoples. I am thinking here of the living standards of the people living in the underdeveloped areas. America will not have genuine security without a stable peace. We will not have a stable peace so long as hunger, illiteracy, and disease are rampant

among millions of people who know that there is a better way to live and who are determined to seek that better way. The urgency of the world's need should remind us that promises do not feed the hungry, nor resolutions give them shelter, so we must be willing to act when we are shown what to do. Let us leave empty promises to the exclusive use of the Communists.

Communism feeds on economic discontent and social upheaval. Communism holds out a hope—false though it be—of a better world. And though the Communists' promises are one thing and their actions quite another, we dare not assume that they are not getting temporary results. For the hungry and the sick, the picture the Communists paint is much like the straw for which the drowning man grasps. We are in a position to offer the hope that can become reality.

A fourth premise of American foreign policy is that we must take positive action to promote both economic stability and military strength among our free neighbors. This is a part of the building of a free world strong enough to deter aggression, or, if necessary, to defeat it.

America cannot alone do all in today's world. We are big, but we are not that big. We are a wealthy Nation, but not that wealthy. We need friends. But we need solvent friends; and we must stay solvent ourselves.

If we Americans wish to preserve and strengthen our own freedom through our foreign policy, we must encourage and help the rest of the free world to do likewise. It is a tragic fact that hungry people are as much concerned with bread as they are with freedom. Com-

munism pretends to offer bread. These offers do not develop into realities.

That is why our foreign policy is being implemented economically through the point 4 program. This program offers assistance to the people of underdeveloped areas. Point 4 marks America's awareness of how our own security is related to the standard of living of other peoples.

The underdeveloped areas of the world are being helped to develop their vast resources through the technical assistance and economic development programs carried on both by the United States, directly and through the United Nations. Point 4 is designed to help the peoples of underdeveloped areas to help themselves. It will raise their standards of living by helping them to develop a technological understanding of their own. Point 4 symbolizes the helping hand of Christian doctrine even as it is a positive force against the inroads of communism. It is one of our greatest investments in peace, and one of the least expensive.

Point 4 is at work in practically every field of economic development. American technicians are concerned with water, power, and mineral resources, transportation, public administration, housing, and social welfare. But the bulk of the work is concentrated in the fields of agriculture, health, and education. With the aid of modern farming methods introduced by their American partners, the people of rural areas are making spectacular gains in food production. This program is at work in countries where governments are weak from the ravages of war and, for the most part, relatively young. It is believed that strong support by the United States in this juncture of their national lives will enable them to counter successfully further Communist pressures. The threat of communism in these countries is not primarily military. It is mainly in the human misery and unrest on which communism feeds. The chief defense against communism and tyranny lies, therefore, in a powerful and concerted attack on poverty, disease, and ignorance, and their attendant miseries.

If point 4 is successful in relieving the economic hardship in these countries, we will have saved many times over the cost of the program. It has been estimated that the entire mutual security program which includes point 4, for the fiscal year 1953, costs only a little more than 1 month of World War II. If we can build a deterrent to total war at less than the cost of 1 month of World War II, it is the best investment in security at the least cost not only in dollars but in lives, that we can make at this time.

The Marshall plan is an example of economic achievement. Though industrial output, intra-European trade, and exports increased considerably under the plan, it would have been hasty to pronounce Europe recovered; however, the vicious circle of which Secretary Marshall spoke had been broken. The structural underpinnings of the European economy had been restored.

The mutual security program is designed to assist economically and it is

based on solid foundations such as the Marshall plan. It helps to bring the benefits of an expanding world economy to both the United States and our allies, and to provide the underlying strength required for the common defense. Its aim is to include both military and economic aid and is designed to create the strength necessary to prevent aggression. Economically, it helps to bring the benefits of an expanding world economy to both the United States and our allies, and to provide the underlying strength required for the common defense.

The North Atlantic Treaty Organization was established to implement our foreign policy militarily when in 1949 the nations of the North Atlantic area joined together in a treaty of mutual defense. Backed by this assurance and by American military assistance, the Western European countries began the costly process of rebuilding their military strength.

Today, the North Atlantic Treaty Organization has armed forces in being on the Continent of Europe with plans for continued build-up. General Eisenhower expressed the conviction that well-armed, highly mobile forces will be able to meet attack if it should come.

Under the NATO plan, the United States is providing certain Army, Navy, and Air Force units, military equipment for our allies, training programs, and defense support in the form of raw materials and other commodities. Our contribution is directly related to the contributions of the other North Atlantic Treaty countries. Their contribution takes the form of military manpower and equipment, military supplies, defense construction, and mutual agreements to place forces under unified command.

We have sought to build positions of strength militarily, under the Mutual Security Program. This program also helps to prepare the free world's defenses along the frontiers where aggression most seriously threatens.

Mutual Security is not a one-way street. It costs a small fraction of our expenditures for our own military forces. Yet it gives us strong allies with military manpower far in excess of our own and with an industrial plant vital to the free world. It gives us overseas military bases for use in the common effort. It gives us sources of raw materials essential not only to our own military production but to the normal functioning of our civilian economy. It gives us friends throughout the world who are becoming devoted to a free and abundant pattern of life similar to our own and who will then be with us and not against us in the defense of these common ideals in the years ahead.

Here at home, the Defense Establishment is a major support of our foreign policy. Through selective service and the Reserves, when Korea was attacked, the United Nations was able to prevent a quick Communist conquest of the country because the United States had defense forces in the vicinity. We were able, in the face of appalling difficulties, to strike a retaliatory blow and, although greatly outnumbered, to resist the aggressor while we mobilized further.

Another important factor in implementing our foreign policy is the United States international information program. Its operating tools include press and publications services, radio—that is, the Voice of America—motion pictures, overseas information centers, and the interchange of persons. It deals with ideas. It does not deal with bullets, though there is a very specific relationship between ideas and bullets. It is my belief that ideas can be more powerful than guns. The successful operation of this program can mean the difference between global peace or global war. It is my belief that our security rests in large part upon our ability to promote an honest understanding of America and America's aims as well as to counter the lies and the half-truths which the Communists are spreading.

I am convinced that failure to carry on a vigorous offensive in the field of ideas would be to invite calamity. We are in a war of ideas and we had better stay in it, if we want what we need, namely, allies who understand us and have faith in us. The iron-curtain countries have geared their propaganda to the "big lie." Now, it takes a lot of money to keep up a world-wide "big-lie" campaign. The Soviet Union and its satellites are now spending more than \$1,400,000,000 each year on this.

We have geared our program to the "big truth." That costs much less than the "big lie." During the current fiscal year 1952, there was an appropriation of \$85,000,000 for the "big truth" campaign. Our campaign of truth is the road to victory in the battle of ideas.

Much is being done in the written word. Press materials go daily to an estimated 10,000 foreign newspapers with a readership of more than 100,000,000.

As for magazines, pamphlets, and other publications, there is a minimum audience of nearly 500,000,000 people and the publications are printed in about 60 different languages.

Motion pictures, in 40 different languages, have proved effective in telling America's story of freedom and abundance abroad. Last year, 500,000,000 people in 86 countries saw these films.

Another important phase of America's campaign of truth is the exchange of persons program. In the past year, nearly 8,000 persons came to this country from abroad or went overseas on United States Government sponsored grants. Right now, there are more than 30,000 foreign students studying on about 1,400 American campuses. Less than 10 percent of these students are supported by United States Government funds. Strong emphasis has been placed on exchange of leaders in all fields—people who are opinion-moulders and can exert influence in their home countries. These are people who have learned the truth about America firsthand and can spread the truth among their own peoples when they return.

Perhaps the best evidence of the effectiveness of these programs is the reaction of the Communists themselves to what we are doing. Take the Voice of America. We know that the Soviet Union alone is spending over a billion

dollars a year on its propaganda activities. Much of that is being spent to keep our information materials and the Voice of America from penetrating the iron curtain. They are spending almost as much on jamming our radio broadcasts to Russia as we are spending on our entire world-wide radio program. The total Soviet expenditure on propaganda activities is more than 10 times as great as the amount we are spending on our international information activities.

The Communists have gone to great lengths to keep the Voice of America from penetrating the iron curtain, but they have not succeeded. We are getting through the iron curtain. In some of the satellite areas our listening audience is as much as 80 percent of those who have radio receivers. In some areas in the Soviet Union, 75 percent of our broadcasts get through the jamming screen. In Moscow and Leningrad, where the jamming is particularly intense—our average is about 25 percent. We are broadcasting around the clock to the iron-curtain countries in their own languages. If we don't get through one time, we do another.

We can never win a peace with armaments alone. Ideas and attitudes are equally important. The battle for men's minds cannot be neglected. In the long run, success in this battle may well prevent one of bullets and bombs on the global scale.

The aid we are giving Europe is not charity. It is an investment in free-world stability and in our own security. We are not committed to support foreign economies indefinitely and we should not be. We are committed to helping these economies to become self-supporting.

But we should not make the mistake of thinking of economic and military aid as distinct and separate. They are anything but that, and we should never shut our eyes to the fact that military strength in a free country is a luxury of an abundant economy.

We Americans are traditionally a hopeful people. That spirit is standing us in good stead today. We do not see ourselves in the grip of circumstances over which we have no control and about which we can do nothing. We believe that a great deal can be done to better the world, and that we, in cooperation with the other free people, can do it.

Our foreign policies reflect that conviction.

We believe that the objectives we have set ourselves are possible of attainment. We believe that with hard work and persistence we can accomplish the tasks before us. We can, through friendly cooperation with other peoples, lead the way in building a world in which freedom and abundance can live.

Mr. RICHARDS. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. SIEMINSKI].

Mr. SIEMINSKI. Mr. Chairman, the title of this act is "The Mutual Security Act of 1951 and other basic legislation with explanatory notes."

I suppose an explanatory note that could be added is an old Chinese proverb

which says: "The more you sweat in peace, the less you bleed in war."

I think three challenges faced the United States after World War II: One, to sweeten our civilian economy, to keep it going; the second, to swab the sores left in countries by Hitler, Mussolini, and Tojo, to restore to those countries their national honor, based on peace, security, and prosperity; "Allies in war—allies in peace; enemies in war—future allies in peace." I think that was our motto.

The third challenge was to confront an ally turned enemy, which today seeks to give us a bear hug, to break our back and those of our friends wherever the concept of free government applies. I think we have met these three challenges forthrightly and boldly, with daring, vision, and success.

I am happy to be a Member of this Congress. It set a precedent, a precedent in the history of organized man. In the passage of the Mutual Security Act, the Eighty-second Congress took from the ashes of two concepts, something which I think is forging peace, security, and prosperity today and in the days ahead.

Bismarck said, "Empire extends to the end of your bayonet." Encase the nation in armor plate and you will be secure." That is what Kaiser Wilhelm, Hitler, Mussolini, and Tojo did, and that concept turned to ashes.

Woodrow Wilson said, "Open covenants openly arrived at." So did the founders of the Peloponnesian, the Delian, and the Aeolian Leagues, as well as the founders of the League of Nations. That, too, turned to ashes.

I think what we have done in this Congress, with the passage of the Mutual Security Act, is to blend those two concepts.

We are closing the gap between our bayonet and our covenant, bringing our bayonet within the shadow of our covenant, never allowing the bayonet to go ahead of the covenant, of what we stand for in organized society; this makes right might, and not might right, as did Hitler, Mussolini, and Tojo, and as Stalin is doing today. I think we have done a great job, and I intend to support this bill.

I rise not as a member of the Committee on Foreign Affairs—which I am not—which has jurisdiction of this legislation, but because, having traveled last year in Europe, and having just returned from an extensive tour of the Orient, I think it my duty to report to the Congress some pertinent certain information, and to ask some questions, such as:

First. Why is it that Indochina for the first time needs to import rice? Perhaps the answer is that it lacks a sense of security, economically, to go ahead and to improve its production abilities.

Second. Why do the Philippines have to import rice? Again, is it because of the lack of a sense of security? Is it because of the inability of the people who work the land to own it; to be able to produce, as people do today, on Formosa?

I intend to point out that Chiang Kai-shek, in my opinion, today faces the greatest challenge of his political career

in trying to make not Hong Kong in that part of the Orient, the showcase of democracy, but Formosa. Hong Kong, as I saw it, was a select, tradesman's world, where merchandise was sold. Formosa is democracy's chance in action. Democracy's challenge to southeast Asia and to millions of people in Red China lashed to Red tyranny. Properly led, the performance of democracy in Formosa can truly give hope for better days, and hope for success, in beating back and defeating tyranny in that part of the world, to those enslaved.

Chiang, yours is the chance to make Formosa a true gem in the blue Pacific. Chiang Kai-shek and your legislative Yuan, which I had an opportunity to address, if ever you had a chance to inspire southeast Asia and China, and the free world, for that matter, you have it today.

Another question: Why is it that Egypt, a Nation of 20,000,000, cannot raise an army of 2,000,000 men? Who stops her?

Let us hear a little more about what is happening in economic, social, and political fields, so that we in Congress can feel that the thing we are trying to strengthen, in doing a job, is life, the world around, on a worth-while level. I think we are, and, in conclusion, Mr. Chairman, why not let us create a greater magnet for freedom in the Pacific? We face to the east, as well as to Europe. The Hawaiian Islands are in the center of the Pacific. More nations circle them than anywhere on the globe. Would it not be fitting to establish a United Nations headquarters in the Pacific, on the Hawaiian Islands? I intend to introduce a joint resolution to this effect.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. MARTIN].

(Mr. MARTIN of Iowa asked and was given permission to revise and extend his remarks.)

Mr. MARTIN of Iowa. Mr. Chairman, the proposed Mutual Security Act extension, H. R. 7005, calls for the authorization of \$6,901,000,000 for foreign aid in addition to \$1,000,000,000 of United States military transfers. This new authorization, added to the unexpended balances of funds already appropriated will bring the total available for foreign aid to more than \$18,000,000,000.

This situation recalls vividly the estimates made at the time of the original Marshall plan proposal when the highest estimates that I recall for all foreign aid ranged from \$20,000,000,000 downward. Most of the estimates were much lower than that figure. Postwar foreign aid has cost us \$32,700,000,000 to date and this bill is for \$6,900,000,000 more with no end in sight. We were led to believe that the Greek-Turkish loans, post UNRRA aid, interim aid, and the Marshall plan were the complete picture notwithstanding the fact that the flat announcement was made in the debate on the Greek-Turkish loans that military assistance was included therein for the avowed purpose of fencing Russia in and the Harriman Commission report on the Marshall plan sub-

mitted to Congress in November 1947 listed the strategic factor along with the political, economic, and humanitarian factors as the justification for the Marshall plan. Furthermore, the debate on the Interim Aid bill in December 1947 brought out the views of many members of the Committee on Foreign Affairs that the Marshall plan could be justified only on the strategic factor. General Marshall himself subscribed to that view.

I had voted in early April 1947 for aid to devastated countries which was based, as I thought, entirely on humanitarian grounds but became alarmed when military assistance was included in the Greek-Turkish loans and from that time forward, even though the Marshall plan was couched in terms of economic assistance, I viewed the entire program as a fuzze leading to commitments for foreign military aid beyond our control and under conditions calling for a maximum expenditure for armament within our own land as a part of the world's greatest armament race known to history.

In my speeches of December 5 and December 10, 1947, I severely criticized General Marshall for his commitment of American economic reserves to the battle front of the cold war without having any control of the time and place of the final decision. I hope it is of interest to turn back to my speeches in the debate here in Congress on December 5 and December 10, 1947, so I include them here:

DECEMBER 5, 1947

Mr. MARTIN of Iowa. Mr. Chairman, I am not one of the Members who toured the far lands during the past year. I traveled 340,000 miles in the 8 years I served on the Committee on Military Affairs, but I devoted last summer and last fall to the First District of Iowa, 12 counties in southeastern Iowa. What I say here will be my version of their viewpoint, with no effort to cover the entire State of Iowa, just the First District.

There has been a distinction made here in the course of the discussion between strategic moves and war. I have been involved in both. I usually associate strategic moves with war, either in war or as a prelude to war. My people so associated them. I will go along in the statement that there is a distinction between strategic moves and war, but the distinction is dangerously slight.

At the outset let me say this: If there is any doubt about my position when I get through with my remarks on this bill, I am against the bill in its present form.

The bill (H. R. 4604) before us today has for its purpose the extension of aid to European countries with special emphasis on France and Italy. During the closing weeks of the congressional recess last October and November, I had occasion to discuss the proposed European-aid program with many hundreds of my constituents in the First Iowa District. I carried on my discussions with my constituents on this issue throughout the entire congressional recess starting the last of July, but the interest in this issue increased considerably with the developments that led to the calling of the special session. I had an unusual opportunity to cover my district thoroughly for a period of more than 3 months, and I have asked for this time to bring you before you my observations of the thinking of the people of my district on this issue.

In the first place, the people of the First Iowa District favor very strongly our extension of any assistance we can give to Europe

if it is given on a humanitarian basis. Their magnificent response to the Friendship Train movement is ample evidence of their support of humanitarian aid. On the other hand, they are just as vigorously opposed to any move that threatens international conflict, and they are seriously fearful of any strategic factors involved in a program of aid.

For the above reasons, I have been especially attentive to the discussion of this legislation in Congress and by the members of the President's Cabinet. When the President's committee on foreign aid made their report on European recovery and American aid—the Harriman committee report—I was disturbed by the following statement on page 2:

"The interest of the United States in Europe, however, cannot be measured simply in economic terms. It is also strategic and political. We all know that we are faced in the world today with two conflicting ideologies. One is a system in which individual rights and liberties are maintained. The opposing system is one where iron discipline by the state ruthlessly stamps out individual liberties and obliterates all opposition."

And again in point 2 in the summary on page 12 of the Harriman report, as follows:

"2. The United States has a vital interest—humanitarian, economic, strategic, and political—in helping the participating countries to achieve economic recovery."

Then, early in the debate on the rule yesterday, the statement of the gentleman from Minnesota [Mr. JUMP] in his reply to the gentleman from Illinois [Mr. ALLEN] was that he does not think this bill could be justified just on a humanitarian basis and, further, that it is justified solely on concern for the national defense of the United States.

During the course of the debate, I listened with great interest to the discussions and observations offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] and the gentleman from Wisconsin [Mr. SMITH]. I am particularly interested in the amendments these gentlemen propose to offer because in my opinion such amendments will go far to take out of the proposed legislation the strategic or war factor. The adoption of such amendments would go far to make this legislation acceptable to the people of my district and to me. Somehow I cannot sink to the level of holding our food supply before the hungry victims of postwar chaos in Europe and even hope to use those hungry victims as pawns in a prewar game of power politics and make of them human buffers between us and Russia. In my opinion, this is the worst possible type of imperialism and war planning. I have always contended that war is degrading and that the greatest threat to a victor nation is the possibility of becoming obsessed with the notion that it has been sent to this earth to rule the world. Many other great nations have marched down that road to their downfall and their doom.

In my opinion, the strategic factor in the present legislation qualifies this legislation as our second step into world war III. Our first step was the Greek-Turkish loan. I voted in favor of the aid to devastated countries in Europe last spring and then, later, I voted against the Greek-Turkish loan, because that bill definitely set up the Greeks and the Turks as pawns on our chessboard of world power politics. The Greek-Turkish loan was primarily intended for military assistance and was a brazen step to war. We cannot be so naive as to think we can maneuver against Russia in this way without incurring Russia's hatred for generations to come. Furthermore, our military experts, of whom General Marshall is certainly one, should know that such steps to war cannot be taken effectively without full preparation

and placement to meet successfully the logistic requirements for war whenever the proper incident transpires. If the present legislation is openly a move against Russia, then let us admit we are engaged in a world armament race and a cold war simultaneously. The question then is, What is the most efficient and effective preparation for our defense?

I witnessed at close range the analogous steps into World War II: The repeal of neutrality, lifting of the arms embargo, shipping arms and ammunition to England after Dunkerque, and lend-lease. I called all of those steps, steps to war, and I opposed them. The arguments of the proponents still ring loudly in my ears. They were, first, steps to avoid war, then steps short of war, then "We will be the arsenal of democracy," then "Your sons will not be sent overseas to fight." We now know that they were steps to war and the Greek-Turkish loan and the bill now before us have the same implication. When will war come? Just whenever Stalin or his successor thinks we have slid back to unpreparedness and impotency sufficiently to enable them to strike startlingly, swiftly, and successfully.

I have always admired General Marshall for his mastery of military logistics. He demonstrated that ability as one of the distinguished young future generals on the western front in World War I. He demonstrated this ability again most effectively in World War II. If the Marshall plan and this interim-aid bill are based on strategic factors, however, I cannot give General Marshall credit for being a master of logistics in the cold war now in progress. Our moves for preparedness should be more efficient and more direct and more quiet. As this cold war develops, I suggest more emphasis upon adequate national defense and then I hope we can stop making faces at Russia in name calling, and return to the sound doctrine of Theodore Roosevelt, "Speak softly but carry a big stick." In my opinion, that policy will cost us infinitely less and it will win for us the respect of those nations that recognize and respect only power.

Furthermore, we must recognize the necessity of learning to live in a world with other nations having different ideologies. If we cannot learn to live in such a world without meddling with the political and strategic factors in other nations, we have already lost the peace our young men and women fought so gallantly to win.

I opposed going into World War I until Congress declared war. I then went to war the first day men were accepted for the first training camp, and I served 5 years. I opposed going into World War II until Pearl Harbor. I shall oppose taking direct or indirect steps into world war III, but I will join the effort of the Committee on Armed Services as vigorously as I can to build a strong America in this troubled and war-torn world before it is too late.

If the bill (H. R. 4604) is based upon strategic factors and is enacted into law without the Smith or the Andresen amendments, I want to build up our defenses so efficiently and so strongly that Stalin and his successors will not dare to strike us.

DECEMBER 10, 1947

Mr. MARTIN of Iowa. Mr. Chairman, during this discussion a great deal has been said on the floor about the generosity of Iowa, and we are proud of that generosity. The program IOWA, "Iowa's Own World Aid" program, and the CARE program and the contribution to the Friendship Train make us proud of Iowa's contribution on a voluntary basis; but let me assure you of one thing, the contribution Iowa has made has been strictly on the humanitarian basis. If

this bill were on that basis you would find my attitude toward the bill somewhat different than it is. When the members of the Foreign Affairs Committee come out here and say frankly what their object is, namely, a strategic approach, I appreciate their frankness, but I cannot refrain from holding this measure is a tragic blunder on the basis of a military approach. I have had a commission in the Regular Army for more than 30 years, although I have had only 5 years active military service as an infantry officer and as assistant professor of military science and tactics, and only 8 years experience on the Military Affairs Committee. I do not claim high qualification as a military strategist but I think I do know enough about military strategy to rate this bill as about the worst approach to military strategy that I can imagine. That is my humble judgment. I have the greatest respect for General Marshall as a tactician and as a master of logistics and on the military front he has no peer; but on the economic front if the Marshall plan is a measure of his approach I should like to ask him bluntly what military general or economic general would commit so much of his reserves to the firing line as is contemplated in the Marshall plan unless he visualizes a quick decision and a final decision. In the troubled world of today and in this cold war of prospective long duration we should not commit so much of our economic reserve strength to this cold war battlefield. If this course is followed it will sap our strength to the point of seriously endangering our national security at one of the most critical times in our history. That is why I made my speech last Friday in the general debate that was rather critical of General Marshall and the Marshall plan. My criticism of the Marshall plan and of this bill is based on the sheer logistics of the situation since they have been presented to us as national defense measures. On the other hand I sincerely hope we can get some relief for the unfortunate people of Europe on a humanitarian basis, but until you put this bill and the Marshall plan on that basis I am going to have to oppose it.

Mr. Chairman, I understand that a grand total of \$73,687,000,000 net has been appropriated for foreign aid of all kinds since 1940. Of this total sum \$32,716,000,000 net has been appropriated since the end of World War II. Eight million, nine hundred and forty-five million dollars of this fund will be unexpended and unobligated as of June 30 this year. Unless otherwise determined by Congress this sum will be held available for future spending over and above any further appropriations made for foreign aid.

The unexpended and unobligated balance, together with the new funds authorized by H. R. 7005 here under consideration, will make a grand total of more than \$18,000,000,000 available for foreign aid beginning June 30, 1952.

After 20 years of extravagant and wasteful spending by the Roosevelt and Truman administrations and after several years of war and police action combined with such tremendous sums of money appropriated for foreign aid, it is especially urgent that we survey our own fiscal structure before we add \$6,900,000,000 more for foreign aid by the enactment of H. R. 7005 now under consideration.

Brief analysis of our Federal spending budget, our debt, and our Federal tax

record should be borne in mind while we have this gigantic foreign aid bill before us.

DEBT, SPENDING, AND TAXATION

Annual Federal spending today exceeds the total spending of any 10 successive years added together up to 1943. And Federal taxation for this fiscal year likewise exceeds the Federal revenue of any 10 successive years added together prior to 1943. The best available estimates are that the Federal spending record from the end of World War II to the end of this year will exceed \$400,000,000,000. We have, indeed, reached dizzy heights of spending and taxation far beyond the experience of any other nation, and our Federal debt at the end of next fiscal year will reach \$275,000,000,000 compared with the total debt of \$152,000,000,000 for all other countries of the world except Russia.

Under present Federal tax laws, if we assume the total personal income for this calendar year will stand at \$255,000,000,000, the combined personal income of all Americans, after business and personal deductions and exemptions, and after the payment of Federal taxes, would total \$70,700,000,000.

TOTAL INCOME OF CORPORATIONS

The total net income of all corporations in America in 1950 after payment of Federal, State, and local taxes was \$22,800,000,000 and in 1951 was \$17,900,000,000. For the first quarter of 1952, total net income of all corporations in America after payment of Federal, State, and local taxes was at the rate of \$16,600,000,000 per annum.

Those sums must provide for all living costs above exemptions, for all spending, and all savings and investments of all individuals and corporations in America. Yet Congress last year appropriated \$91,700,000,000 for Federal spending this fiscal year, and our new Federal budget for the fiscal year ending June 30, 1953, calls for \$85,400,000,000.

Total Federal tax exaction in the last 7 years has already exceeded the total Federal tax collections from the Revolutionary War to 1945.

The American people today are fully aware of the road along which Federal income taxation has taken us over the past 12 years. Under 1940 tax laws a family of four had to have a net income as high as \$14,200 before being required to pay a Federal income tax of \$1,000. Under 1952 laws, a \$1,000 income tax is levied on an income of \$6,850.

In 1940 the tax on a \$5,000 net income for a family of four was \$74.80. Under 1952 laws the tax is \$577.20. But with inflation our dollar today is worth only 53 cents as compared with the 1940 dollar, so the \$5,000 net income has shrunk to a little under \$2,350 of 1940 value because of taxes and inflation.

The foregoing discussion has dealt with corporate income taxes and with personal income taxes.

HIDDEN TAXES THAT HIT THE CONSUMER

Here is how a few of the hidden taxes hit the consumer:

	Real value	Taxes	Price
Soap.....	\$0.20	\$0.07	\$0.27
Bread.....	.09	.05	.14
Milk (quart).....	.14	.09	.23
Auto tire.....	19.20	8.80	28.00
Potatoes.....	.34	.15	.49
Cigarettes.....	.09	.15	.24
Hosiery.....	.97	.34	1.31
Telephone (month).....	6.60	2.95	9.55
Electricity.....	3.52	1.08	4.60
Eggs.....	.49	.16	.65
Coal (ton).....	9.00	15.00	24.00
Gasoline (gallon).....	.12	.14	.26
Shoes.....	6.00	3.00	9.00
Candy bars.....	.07	.03	.10

The Tax Foundation has estimated that a family of 3.2 persons having an income of \$70 a week and whose annual income tax is about \$300 averages \$798 in hidden taxes. They estimate also that a married man with 2 children must earn \$11,800 a year for his family to live as well as it did on \$5,000 a year in 1939.

TAX LOAD OF UNITED STATES AND ALL OTHER COUNTRIES

The estimate of the staff of the Joint Committee on Internal Revenue Taxation is that in 1949 the total tax load of the other 72 nations of the world, including Russia, was approximately \$68,000,000,000 and that the United States annual Federal tax revenue alone under present law will next year reach \$71,000,000,000.

Even so, a deficit of \$8,200,000,000 is estimated for 1952 and a deficit of \$14,400,000,000 is in prospect for 1953.

If all taxable personal incomes over \$4,000 were confiscated today, the total additional revenue would be only \$9,700,000,000. At present rate of Federal spending, this sum would last our Federal Government only 47 days. With the American dollar today worth only 53 percent of its 1939 value, the taxpayers are really having a most difficult time to meet the increased cost of living and pay their taxes.

STRATEGIC AND CRITICAL MATERIALS

I will discuss one further point in which I have a tremendous interest because of its importance to our own defense.

Last year I made a review of the foreign-aid contributions to the United States strategic materials stockpile program and I included that in the CONGRESSIONAL RECORD. It appears at pages 10454-10456 of the CONGRESSIONAL RECORD of August 17, 1951.

By way of comparison let me call your attention to the fact that the stockpile acquired through foreign-aid programs last year stood at \$56,245,000; today it stands at \$102,937,000. Our stockpile objective is \$9,075,000,000. Our total expenditures on foreign aid to date stands, as I understand it, for economic aid, at \$14,890,000,000.

At the rate of foreign-aid spending to date and at the rate of acquisition of strategic and critical materials from this source up to date, it would require \$1,440,000,000,000 of economic aid to foreign countries to complete our stockpile program from this source. I should add that last year this estimate stood at \$1,660,000,000,000.

At the rate of acquisition today it will require 311 years to acquire our strategic and critical stockpile entirely through exchange for foreign aid. That represents a reduction of the period of time from 369 years.

When I look back through the original debate on the Marshall plan and think of those grand promises of the great help that would come to us in the way of strategic materials through this program I cannot help but wonder how the sponsors of the Marshall Plan can justify those predictions and those boasts back in 1947 when they made the original effort to get the Marshall Plan and other foreign aid programs under way.

Furthermore some consideration should be given to the heavy consumption of our own supply of strategic and critical materials in the production of the military supplies we export in that portion of our foreign-aid program.

The Committee on Foreign Affairs must get away from the strategic and critical materials stockpile as a prime justification for this foreign-aid program.

(Mr. MARTIN of Iowa asked and was given permission to revise and extend his remarks and include speeches and materials made and prepared by himself.)

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. O'Konski].

DEFENSE BILLIONS DEFEND KAISER, NOT UNITED STATES OF AMERICA

Mr. O'KONSKI. Mr. Chairman, the amount of money to be appropriated by this Congress the coming fiscal year for our military establishments is perhaps the most widely discussed of any pending legislation. In my 10 years in this House, I have never seen it turn down any legitimate and honest request for money to make our country secure. In fact, in many instances we have voted more funds than the military establishments could use.

However, I wish to state here and now that I know and have learned a long time ago that our security is not dependent on how much money is appropriated, but rather on how wisely the money we appropriate is spent. As far as I am concerned with the manner in which our procurement officials in the military set-up are squandering billions of dollars, we could easily double the military appropriations and still have no security.

I am especially concerned with our Air Force. The lack of Air Force equipment in Korea is tragic. In fact, it is so tragic that if we do not force some changes there soon, this Congress will not deserve the respect of the people we represent.

I visited with many officers of the Air Force in Germany. There, too, our air equipment is tragic. In fact, the officers themselves refer to it as the United States air farce, not the United States Air Force.

Yes, even here in our own country fliers are afraid to fly because of poor equipment, poor planes and poor maintenance and repairs. The mighty Air Force we once knew—today is ragged,

poorly equipped and relegated to a status which many of its own officers call the United States air farce.

These tragic conditions caused me great concern. It compelled me to do some research. There is reason why, after hundreds of billions of dollars of expenditures, we still have no adequate air power. The reason is not in the personnel of the Air Force proper. Goodness, no. A finer lot could not possibly be found anywhere in the world.

Where, then, lies the trouble and the responsibility for these shameful Air Force conditions? Members of the House, it lies squarely upon the shoulders of the procurement officials responsible for Air Force equipment procurement. These men—and these men alone—are responsible for the tragic conditions of our air security and preparedness.

Let me give you a case of the manner in which procurement officials of the United States Defense Department squander billions and take care of their friends, rather than procure planes and plane equipment.

A year ago the procurement officials of the Defense Department awarded a contract to Kaiser-Frazer to produce 150 of the Chase airplanes known as the C-123. In spite of the fact that Kaiser-Frazer had the contract for a year not a single such plane has been produced. That is tragic indeed. But that is not all. In spite of this complete flop by Kaiser-Frazer in their first contract, not a single plane in a year, a few weeks ago the procurement officers of the United States Air Force sent a letter of intent to the Munitions Board which would award this same Kaiser-Frazer outfit a contract to produce 250 more C-123's.

For obvious reasons, the Munitions Board questioned this letter of intent. The Air Force procurement admitted that the letter was unusual—but said it was necessary in order to help Kaiser-Frazer "in its other negotiations."

Now Members of the House, when you and I appropriate billions for Air Force procurement, I thought it was to procure planes for our Air Force—not to help Kaiser-Frazer "in its other negotiations." Yet here we have the blatant admission by Air Force procurement officers that plane procurement is not first in their minds—their first interest is helping Kaiser-Frazer in its other negotiations.

Let us go back to the old Kaiser-Frazer contract, a year old for 150 planes, that is the 150 of the Chase airplanes known as the C-123. I said none has been produced during the year the contract was in effect. I must amplify this statement.

You read of that great auto promoter by the name of Tucker, did you not? You read of how he got parts of various automobiles, put them together, called it the Tucker—and swindled millions of dollars from the people of America.

Well, Kaiser-Frazer took a leaf from Tucker's experience. So that nobody could say Kaiser-Frazer has not produced a plane in a year on a 150-plane contract, they proceeded to out-Tucker Tucker. After all, Tucker had only to

fool the people. All Kaiser-Frazer had to do was fool the United States Air Force procurement officials.

So here is what happened. About 2 months ago a great extravaganza was held at the Willow Run plant of the Kaiser-Frazer Corp. The press was invited. Air Force procurement officials were lavishly entertained. Rhetoric and champagne almost overflowed the banks of the Willow Run. A lush \$50,000 carpet was prominently displayed and rolled out to greet the suckers. The event was the dedication of the Kaiser-Frazer new gigantic C-119 flying boxcar cargo plane. And as the suckers viewed the unvelving and dedication, they looked with awe upon the great spectacle which stood before their eyes and bowed to Henry Kaiser, the great airplane builder, America's giant of industry.

But just a minute, gentlemen of the House, you have not heard all yet. Was this unvelving and dedication a cause for celebration or should it have been a signal to our Air Force procurement officers that a public mourning should take place for the taxpayer. Yes, gentlemen, public mourning with black crepe and doleful music would have been more appropriate than the celebration participated in by Air Force procurement officers. Yes, Kaiser-Frazer out-Tuckered Tucker.

Here is what the public and press were not told, and I doubt if the Air Force procurement officers knew. The boxcar plane C-119 so ceremoniously unveiled and dedicated and almost flooded in champagne and flowers, all at taxpayers' expense, was not built at Willow Run. Like the Tucker car—it was merely assembled there. But this was discreetly hidden from the press and the public. All of the parts for this plane were actually made at the Hagerstown, Md., plant of Fairchild Engine & Airplane Corp. These airplanes are not only built but also assembled at Hagerstown. Yet here Kaiser-Frazer just bought the parts, shipped them nearly 1,000 miles, merely assembles them at Willow Run and states to the public, "Look at our great work. Look at the great plane produced by Kaiser-Frazer."

Has this sham paid off? Of course it has. So impressed were the Air Force procurement officers with Kaiser-Frazer genius that Henry Kaiser announced that Kaiser-Frazer will build 17 of these cargo planes during 1952. Yes, Kaiser said they will build 17 cargo planes at Willow Run. The fact is these planes will be built at Hagerstown and only assembled at Willow Run. But Kaiser fooled the Air Force once, so why could not he fool them 17 times?

And here is the tragedy of it all, and why, in spite of billions we have appropriated, our Air Force is still in shambles. The Fairchild Engine & Airplane Corp. is an experienced and reliable producer of aircraft and the chief developer of this particular kind of cargo plane. Fairchild can turn out this plane, complete it at a cost to the Government of between \$350,000 and \$385,000. But to the Air Force procurement officers this is too simple and too cheap. Besides it may result in

getting planes, and seemingly that is not what is wanted.

So what happens? Kaiser-Frazer is given a contract for 17 boxcar planes—parts built at Fairchild and shipped and assembled at Willow Run at a cost of between \$800,000 and \$1,500,000 per plane, or roughly twice or three times as much as they could be built at Hagerstown, Md. Is it any wonder that no matter how many hundreds of billions of dollars we appropriate for air power, it never seems to come about? And that is why we tax our people more and more and more—seemingly without end in sight.

Let us look at Mr. Kaiser's past record as a plane builder and planner. After viewing that record it is incredible that our Air Force procurement officials should award this man almost a quarter-billion dollars in plane contracts and letters of intent. Here is Kaiser's past record as a plane builder and plane planner.

First, the fabulous flying boat. When Kaiser first announced his plans for building a gigantic aircraft, it was to be constructed of aluminum and he promised mass production in record time. He pictured a fleet of 5,000 of these 70-ton behemoths capable of carrying 500,000 soldiers across the Atlantic 1 day and returning 24 hours later with thousands of tons of food and supplies.

The War Production Board refused to consider the proposition since Kaiser had never built an aircraft in his life but finally agreed when he enlisted the aid of Howard Hughes, a recognized aeronautical expert. After several months had elapsed with no evidence of progress, the project was investigated by a group of Government experts who expressed grave doubt as to the feasibility of the plans. Funds to Kaiser were cut off after this investigation but were resumed by order of the President on condition that Kaiser or Hughes would personally supply the money to complete the project after the Government's \$18,000,000 was exhausted.

Shortly thereafter Kaiser removed himself from the picture and Hughes spent \$10,000,000 of his own money in a vain attempt to produce a successful airplane. When Kaiser had to put up a dollar of his own, he got out, as fast as he could. It should be noted that this dream of Kaiser's cost the taxpayers \$18,000,000 and Howard Hughes \$10,000,000. In this plane project Kaiser was a complete flop.

Second, was the Brewster Aeronautical Corp. Incorporated in New York, February 10, 1937, for the creation, design, development, construction and sale of various types of airplanes and aircraft parts. It acquired design rights, jigs, and fixtures on nine types of military trainers and observation planes from Consolidated Aircraft on April 10, 1939.

On April 20, 1942, at the direction of President Roosevelt, the Navy Department took possession of the company's four plants; two at Long Island City, N. Y.; one at Newark, N. J., and one at Johnsville, Pa., in order that they be effectively operated.

The President's order said that possession and operation by the Navy should be terminated as soon as it is determined that the plants will be privately operated in a manner consistent with the war effort. Henry J. Kaiser became chairman of the board in 1942 and took over active operation of one of the Long Island plants in November, 1943 with glowing promises for stepped up production.

The company lost \$1,436,369 in 1942 and \$607,177 in 1943. Production went even lower under Kaiser's supervision and he quietly withdrew in April, 1944. The total dollar value of the company's war work was \$73,000,000 and on April 5, 1946, the stockholders approved a plan to dissolve the company and liquidate its assets. Again as a plane builder for the second attempt Kaiser again proved a complete flop.

Third, was the Kaiser Fleetwings, Inc. This was organized November 17, 1942 as Kaiser Cargo, Inc., to manufacture airplanes. They obtained \$1,000,000 loan from the RFC on March 4, 1943. The names were changed May 29, 1946 to Kaiser Fleetwings, Inc. Its announced purpose was to purchase Fleetwings, Inc., of Bristol, Pa., and to expand wartime facilities for the manufacture of airplanes.

This company likewise never produced any planes. So it contracted with Kaiser-Frazer Corp. to produce automobile doors and deck lids. The price on a cost plus basis was 75-100 percent higher than previous Kaiser-Frazer suppliers. So Kaiser's plant finally turned to the manufacture of bathroom and kitchen equipment and changed name to Kaiser Metal Products. The total capital investment is \$500,000. Henry Kaiser and Kaiser companies own 75 percent of stock and balance is held by friends of Kaiser.

Executive offices of the company have been held as follows:

President: November 17, 1942, to January 15, 1944, Henry J. Kaiser.

Vice President: November 17, 1942, to date, Edgar F. Kaiser. November 17, 1942, to date, Clay Bedford.

This third venture into the plane business by Kaiser like all others was a complete and dismal flop.

Here we have three highly publicized ventures by Kaiser in the building of planes. Each attempt was a colossal and dismal flop. Each attempt was as flagrant a failure as it was costly, costly of course mostly to the taxpayers of our Nation and the stockholders, but not to Kaiser. Yet our Air Force Procurement Officials entrust this same colossal failure with almost a quarter billion dollars of defense money to build planes. This is the same failure who has had a contract for 150 planes for more than a year and has not yet produced a single plane. No wonder our boys in Korea, Germany and elsewhere call it the United States air farce. I wonder if the Procurement officials of our Defense Department are more interested in defending Kaiser than they are in defending our Nation with air power?

Even if this time we did take Kaiser at his word, all he can do is assemble—

not produce—just assemble 17 cargo planes the coming year. Why then, give him contracts and letters of intent for 400 planes? Especially why when these will cost three to four times more than they could be had from reputable and successful firms. As I indicated before, Fairchild Engine & Airplane Corp., which developed the C-119 Flying Boxcar in the first place is prepared to produce this plane and assemble it at a price of \$350,000 to \$385,000 per plane. The cost through Kaiser is from \$800,000 to \$1,500,000 per plane. Is there any excuse for such robbery of our defense efforts and money? And get this—in the time that it would take Kaiser just to assemble 17 such planes, Fairchild could manufacture and assemble 165 of the same planes for one-third to one-fourth the cost. Yet, the Air Force has ordered Fairchild to abandon all plans to produce planes in its Chicago plant. Instead the Air Force officials went to the Willow Run unveiling to see Kaiser-Frazer out-tucker Tucker in a gigantic swindle and gave contracts and letters of intent to the smoothest and cleverest swindle of the ages.

How does Kaiser do it? How does he manage to bamboozle the public and suck defense dollars? Simply by placing his own key men in proper departments of the Government. There is an old saying around Kaiser headquarters. It goes like this—defense billions of dollars must defend Kaiser first, his friends in Government second and the Nation third. Here is how he swindles the Government out of millions of dollars a year.

After securing a \$25,000,000 loan from RFC on December 5, 1950, Kaiser went directly to a conference with Under Secretary McCone of the Air Force. McCone then gave Kaiser its first big Air Force order for building 150 Fairchild planes. Now who is this man McCone? First, he was associated with Kaiser in the shipbuilding business in World War II. Now get this, while McCone was Under Secretary of the Air Force he was merely on leave of absence from his position of president of Bechtel-McCone Corp. Now in turn the Bechtel family happens—just accidentally—to be holders of 4,200 shares of Kaiser-Frazer common stock. So McCone gets a convenient leave of absence from a Kaiser outfit, becomes Under Secretary of the Air Force and arranges a nice fat gift for Kaiser and that is how Kaiser manages to continue to suck defense dollars while our boys in Korea die for lack of planes and plane equipment.

But Kaiser never misses a bet. He takes no chances on having just one of his men planted where defense billions are handed out. He plays it safe always to see that he sucks every dollar he can at the expense of blood and lives. Here is another example of how he operates. Clay Bedford took a leave of absence from the position of vice president of Kaiser-Frazer. He became a special assistant to Director Charles E. Wilson of the Office of Defense Administration. Later Bedford became Deputy Administrator for Procurement and Production of the Defense Department. Still later

Bedford becomes special assistant, believe it or not, to the Secretary of Defense. What a beautiful position to see that certain people get the easy money from the defense billions. Where is Bedford now? You guessed it. After being Secretary of Defense Lovett's expert on breaking production bottlenecks, Bedford suddenly and miraculously became president of Kaiser's Chase Aircraft Corp., the same Kaiser outfit that has not produced a single plane, yet got a contract for 150 and then a letter of intent for another 250 planes. Kaiser's stooges always stay in their Government defense jobs just long enough to take care of Kaiser and then they go right back to Kaiser to get their share of the blood money.

Our defense procurement officers and those close to it are replete with Kaiser stooges. Warren W. Huff took a leave of absence from his position as purchasing agent of Kaiser-Frazer to follow Bedford to Washington and to become Assistant Deputy Administrator for Procurement and Production. Huff was head of the Steel Division of the War Production Board toward the end of World War II, and the manner in which he left that position to go directly to Kaiser-Frazer parallels the manner in which Walston S. Brown left the Maritime Commission to become secretary of Kaiser-Frazer at the same time. Walton S. Brown is the man who made arrangements for Kaiser to make millions on shipbuilding contracts as I will show a little later in this speech.

Why, just why is there such a Kaiser conspiracy to drain defense dollars into his lap? The answer is simple.

The financial statement of Kaiser-Frazer for the year ending December 31, 1951, shows a loss of \$12,300,000. This brings their 3-year operating loss to \$65,000,000. In his message to stockholders, the president pointed out that the loss was not as bad as it seemed because it gave the company an operating loss carry-over which it could use to avoid taxes during the next few years. There is a real policy question raised as to whether the Government should award lucrative war contracts to a company which is openly and boastfully in a position to avoid any taxes on profits from such contracts.

The company reports a net worth of \$10,000,000. The Wall Street Journal in an article dated May 1, 1952, states the net worth to be \$5,600,000. The difference apparently stems from a difference of opinion as to the value of certain assets. In either case, since the company has lost better than a million a month for over 3 years, it is clear that it will soon reach a state of insolvency if it has not already. The only possible hope is for additional Government financing. This raises a further policy question as to the propriety of entrusting vital Government contracts to a company which may soon be in the hands of the receivers.

Another example of the Kaiser method is brought to light in the opinion of Augustus Hand, of the second circuit in the case of Kaiser-Frazer against Otis & Co. That opinion holds that the

Kaiser-Frazer prospectus with respect to its 1948 issue was definitely misleading and fraudulent. A prospectus of this sort is ordinarily given very careful scrutiny before being passed by the SEC. Can it be that Henry Kaiser also has friends in the Securities and Exchange Building?

The recent Kaiser-Frazer statement shows a V-loan of \$25,000,000 in addition to the various RFC loans, almost all of which are still outstanding. The statement does not reveal the existence or the extent of Air Force advances on its various contracts to Kaiser-Frazer but, in view of the limited working capital of Kaiser-Frazer, such advancing must be going on in order for the company to remain in operation.

Here is as true a picture of Kaiser-Frazer Corp. finances as is possible to get:

	Amount	Per share
Stockholders' equity Dec. 31, 1952 (per annual report).....	\$10,219,776	\$2.24
Deduct:		
Facilities not used in operations.....	3,457,158	-----
Intangibles.....	542,832	-----
Deferred charges.....	1,215,000	-----
Prepaid expense.....	837,818	-----
Other assets.....	1,316,269	-----
	7,369,077	.62
	2,850,699	-----

A further deduction of \$4,000,000 for 1952 estimates losses—\$1,000,000 a month at the rate of loss for past year—wipes out the stockholders' equity and leaves the corporation insolvent with a deficit of \$1,149,301.

So the picture now becomes clearer and clearer. Kaiser-Frazer Corp. is in financial trouble. At this year's end they will be defunct. So the billions we are appropriating for defense are used to bail out Kaiser-Frazer. Gentlemen, did we appropriate these billions for defense or did we appropriate these billions for personal manipulation so save a defunct corporation?

The procurement officers of the Defense Department should be made to answer the following questions:

(a) What is the total amount of money presently outstanding that the Air Force has advanced to Kaiser-Frazer?

(b) Of this total, how much has been advanced to Kaiser-Frazer with respect to each of the following projects?

First. The Fairchild plane C-119.

Second. The Chase Aircraft plane C-123.

Third. For general machine tooling and facilities.

Fourth. For west coast aircraft projects of Kaiser-Frazer.

Fifth. Any other advances made by the Air Force to Kaiser-Frazer, and for what.

Sixth. The terms and conditions with respect to which the foregoing advances have been made.

And finally these procurement officers should be asked to tell why defense dollars, blood money, that is, should be used to save a defunct corporation instead of purchasing planes and equipment.

This is a shocking situation and one that we cannot allow to go unchallenged in a period when we are asking the humblest laborer to give us over 20 percent of his net taxable income to support defense mobilization. I am told that the Armed Services Subcommittee studying military waste is currently considering the very contracts I describe, but, as great a waste as this contract may entail, I believe it is only a small part of a much more comprehensive fabric and I believe it is our duty to investigate every thread of this fabric in every phase of its intricate pattern. The following facts represent no more than a collection of previously published information and yet, with nothing more, they tell an almost incredible story of how one man has lived and prospered solely at the expense of the American taxpayer. It explains Kaiser's method of using defense dollars to defend himself.

Until the outbreak of World War II, Henry Kaiser's only business experience was as a cement contractor building public dams and bridges in the western part of the country. Almost immediately with the beginning of hostilities, the Kaiser companies jumped into the shipbuilding business and within a short time Henry's methods of operation set the pattern which has typified his activities for the past decade.

Kaiser originally entered his shipbuilding contracts on a cost-plus basis but, as soon as operations had developed to a point where costs could be accurately appraised, he arranged with friends in United States Maritime Commission to change these contracts to a fixed-price basis. This ledgermain enabled Kaiser to realize tremendous profits as compared to the modest return cost-plus contracts would have yielded him. The feat was accomplished through the assistance and good offices of his Walston S. Brown, then a member of the Maritime Commission's committee on awards, now secretary and a director of Kaiser-Frazer Corp. But the pattern is always the same. The person in the Defense Procurement after awarding Kaiser contracts and favors never goes unrewarded. He always lands on Kaiser's payroll.

The United States Government paid for everything that went into the building of the shipyards used by the Kaiser companies. The United States Government paid for all material used in Kaiser ships, it paid for all labor and it paid for all administrative costs for individuals so employed up to \$25,000 per year per person. Henry Kaiser invested no capital and took no risks. He merely acted as manager of the Government facilities and for this service he was paid the rather handsome sum of \$192,287,284. How can this be rationalized on comparison with the hundreds of small and large contractors who had their profit on Government contracts reduced by renegotiation to a figure in the neighborhood of 10 percent on gross sales?

Kaiser's next Government sponsored project, the steel industry, was a wonderful deal not only because it yielded

him a tidy return on almost no investment but also because it provided a wonderful device for rendering his shipbuilding profits practically exempt from Federal taxes. The shipbuilding company paid \$100,000 for all of the capital stock of the Kaiser Steel Co. The United States Government loaned the steel company \$125,000,000 and also permitted it the privilege of accelerated depreciation on its facilities. Thus, during the early years, while the Kaiser Steel Co was being organized on Government funds and was not returning a profit on its own, the profits of the shipbuilding company were being written off for tax purposes by amortization of the steel facilities. While other taxpayers earning a comparable income were being taxed at 90 percent, Henry Kaiser merely converted his profits into lucrative steel producing facilities and thus retained nearly 100 percent. Kaiser always has friends in every Department of the Government who take care of him.

Kaiser's wartime venture into the production of magnesium is also worthy of comment although for a change it does not appear, at least on the surface, that he personally made much of a gain out of the project. Of course he and his fellow shareholders received handsome dividends but they did not end up with anything in the way of valuable Government assets which is usually the case.

Early in World War II, the War Production Board ordered the RFC to build a magnesium plant at Los Altos, south of San Francisco. Kaiser heard about this and rushed to Washington with the proposal that the RFC loan him the money and that Kaiser would build and operate the Los Altos plant. The proposal contemplated no private capital except for \$100,000 already invested in the Permanente Metals Corp. which Kaiser had organized. Mr. Jesse Jones himself says:

The whole set-up looked a little screwy to me, one that would be of doubtful outcome.

Nevertheless with the help of friends in the RFC, Kaiser put his plan across. He got a loan from the RFC which ultimately totaled \$28,000,000 and he operated the magnesium facilities until 1945 when he was forced to give up the project because of inability to meet prices in a competitive peacetime market. In this instance the RFC was repaid in full but it nevertheless cost the Government heavily since Kaiser's entire operation was wastefully inefficient. Los Altos never got its production costs below 30 cents per pound whereas the RFC-owned plant near Las Vegas, Nev., which was managed by Anaconda Copper, produced magnesium at 18 cents per pound. In addition, Metals Reserve Company, an RFC subsidiary, had to subsidize Mr. Kaiser to the tune of \$2,500,000 by buying his product at higher than market price.

Permanente died as far as magnesium was concerned in 1945, but it was revitalized in 1946 when Henry got his hands on some very valuable aluminum facilities. The facilities in question were built by the Government and operated

by Alcoa during the war. Kaiser obtained these facilities on a risk-proof lease-purchase arrangement from the War Assets Administration, along with below-cost contracts for Federal power to operate the facilities from the Federal Bonneville Power Administration.

The rights were first given to Kaiser-Frazer but as soon as their potential value was realized, they were quietly transferred to Permanente Metals wherein Kaiser personally had a much larger share. In the first 11 months of operating these facilities, Kaiser and associates reported a net profit before taxes of over \$8,000,000. The original investment in Permanente Metals, now Kaiser Aluminum & Chemicals Corp., has never been added to by Henry Kaiser or associates but at the market close on March 8, 1952, their stock was worth \$87,780,000 and they had received cash dividends in excess of \$11,000,000 since 1946. The United States gave him these assets for next to nothing. No matter what department of our Government had something to hand out Kaiser was always the first to be taken care of.

It is also quite apparent that Henry's fabled genius falls short when it comes to producing automobiles. Kaiser-Frazer Corp. took advantage of Graham-Paige facilities and a starving automobile market to accumulate an earned surplus of over \$9,000,000 by the end of 1948. From that point on, however, the initial advantage was lost and, while the automobile industry generally was experiencing the best years in its history, Kaiser-Frazer production and sales declined steadily and the corporation shows a loss in excess of \$60,000,000 over the 3-year period ending in 1951.

Ordinarily we would expect this to close the book on a story, too often repeated, of an individual who prospered in wartime but could not make the grade in the competitive struggle of our peacetime economy. Whatever else can be said of Henry Kaiser, however, he is resourceful and the minute things began to dry up he was back at the public well with his bottomless bucket.

We have already noted how the United States Government sponsored Henry Kaiser's entry into the shipbuilding business, the steel business, the magnesium business, and the aluminum business. Good old Uncle Sam also gave him a big boost into the automobile business by selling Kaiser-Frazer Corp. the huge Willow Run bomber plant. This plant cost the Government \$42,300,000 to build during World War II. It was appraised at \$67,000,000 in 1949 and at \$105,000,000 in December 1950. This plant was sold to Kaiser-Frazer in September 1945 for a paltry \$15,100,000, and even that amount was not paid in cash.

The United States Government, through the War Assets Administration, also gave Kaiser-Frazer a tremendous boost by selling it a Utah blast furnace for \$782,000, full price deferred, and by awarding it a lease-purchase arrangement on a Cleveland blast furnace, although others had offered considerably more for the rights.

Kaiser-Frazer could not compete, despite these subsidies, however, and in

1949 it turned to the RFC, which had served Kaiser interests so nobly in the past.

On September 23, 1949, Kaiser-Frazer Corp. filed a formal application with the RFC in Washington for a loan of \$30,000,000. On September 30, 1949, an RFC examiner got out his report which recommended a loan of about \$25,000,000. The Kaisers were faced with repayment demands on a \$16,000,000 bank loan and each member of the reviewing committee of the RFC had expressed doubt that the loan could be repaid. Nevertheless, on October 6, 1949, the RFC Board of Directors approved a 10-year loan to Kaiser-Frazer for \$34,400,000.

Naturally, it was a terrific problem to find sufficient collateral among the declining assets of Kaiser-Frazer to pledge against a loan of this magnitude and the manner in which this feat was accomplished is one of the greatest examples of a person raising himself by his own bootstraps that history has ever witnessed. The RFC agreed to accept a first mortgage on the Willow Run plant as a principal item of collateral for this loan. The Government had sold this plant to Kaiser-Frazer only a few years earlier for \$15,000,000 and \$13,590,000 of that amount was still owing. The War Assets Administration very generously agreed to subordinate its claim, however, and the equity of Kaiser-Frazer in the plant was magnified by a timely reappraisal. Thus Henry Kaiser had again accomplished the impossible. He purchased a plant for \$15,000,000, paid about 10 percent of the purchase price, and then borrowed \$34,000,000 by pledging this same heavily mortgaged plant as collateral.

By any standard of good business judgment, this loan was fantastically ill-advised and dishonest to the core—it smelled to the high heavens. Here again Kaiser out-Tuckered Tucker in bamboozling the taxpayers.

Even beyond its basic unsoundness, however, the manner in which this loan was arranged cried out with evidence of highly irregular procedure and perhaps even more. The application was filed directly in Washington and did not go through the normal field channels required of requests by ordinary mortals. Approval was stamped on the application less than 2 weeks after it was filed and less than 1 week after the examiner's report was given the Board of Directors. The amount authorized was \$10,000,000 more than the examiner recommended and even \$4,400,000 more than requested in the written application. Here we should ask what happened to the smelly Kaiser RFC deals exposed by the Senate investigating committee?

The RFC has, of course, asserted that negotiations had been going on for several months and were not publicized at Kaiser's request. If that is so, the matter is even more serious, because it means that a Government agency has collaborated with a private citizen in suppressing vital public information until the time when it could be released as practically a fait accompli. Thus the deal could be wound up before the tide of adverse public opinion had a chance

to swell. A subcommittee of the United States Senate asked on October 11, 1949, that the loan be held up so that the facts could be studied, but the RFC declined flatly to heed this request. Gentlemen, such rank patronage has no place in the operations of a properly run governmental agency.

Most men would have been satisfied with \$34,000,000, but not Henry Kaiser. On October 10, 1949, Kaiser-Frazer Sales Corp. applied for a \$15,000,000 line of credit. The RFC examiner approved immediately but the reviewing committee recommended that the loan not be granted because it was really for the manufacturing corporation and that its ability to produce automobiles was highly questionable. An interesting conclusion to be drawn just a week after this manufacturing corporation had been granted a loan of \$34,000,000. In any event, this adverse recommendation was ignored and a loan of \$10,000,000 was authorized for Kaiser-Frazer Sales Corp. on October 21, 1949.

One fact which I feel was very significant from the standpoint of the financial soundness of Kaiser-Frazer and the public policy of supporting its continuance in the automobile field was the fact that a real question had arisen as to whether Kaiser-Frazer was being operated to make money as a corporation or only to line the pockets of Kaiser and the ex-Government officials who arranged the deals and the loans.

The shareholders apparently had become tired of subrosa dealings by Kaiser and others, such as the transfer of the aluminum facilities which we previously discussed, and were suing for an accounting on behalf of the corporation. In the same vein, the Kaiser-Frazer dealers were complaining bitterly about their treatment at the hands of the favored few. This is significant not only because it indicates a crumbling enterprise but also because it appears that Kaiser-Frazer was serving merely as a funnel with the Government pouring money in at the top and Henry Kaiser and ex-Government officials standing below with their wheelbarrows. Despite their importance, these facts were apparently never even considered by the RFC since no mention is made of them in any report I have seen.

With the granting of the above two loans, the total indebtedness of Kaiser interests to the RFC reached a figure of approximately \$140,265,000. In November 1949, loans to Henry Kaiser and his brood amounted to 32.4 percent of the total amount of such RFC loans. A Government representing over 150,000,000 people has no business operating a finance company to support 1 out of that 150,000,000 citizens and I cannot believe that objective thinking motivated the RFC when it committed its funds in this ridiculously overbalanced fashion. It was merely a plot of Government officials saying, "Kaiser we will take care of you—but you must take care of us."

The next loan to Kaiser-Frazer was announced December 4, 1950, in the amount of \$25,000,000. By the time the application was filed in November 1950,

the first two loans had been completely disbursed and Kaiser-Frazer had shown a loss of over \$39,000,000 in 1949 and a loss of better than \$10,000,000 at that date in 1950. The initial RFC examiner recommended denial of the application because the company's future prospects seemed unfavorable and because it would circumvent regulation W. The agency review committee and the agency manager at Detroit concurred in this adverse recommendation. On November 28, 1950, Examiner Williams recommended approval but the six members of the Washington Review Committee unanimously overruled him on the grounds asserted by the original examiner. Despite all of this, the RFC Board announced the loan of \$25,000,000 at a press conference held December 4, 1950.

Gentlemen, I am too old to believe in magic and there is only one other explanation for Henry Kaiser's ability to get loans from the RFC Board when good judgment, common sense and the entire staff of the RFC below the Board are arrayed against him.

Now back to the plane contracts. The day after he got the third RFC loan, Henry Kaiser met with Under Secretary McCone of the Air Force to discuss the production of aircraft. Incidentally, Mr. McCone was a business associate of Stephen Bechtel in the Bechtel McCone Corp., and at the time Stephen Bechtel owned 4,000 shares of Kaiser-Frazer stock. Mr. McCone was definitely in Henry's corner and the RFC also went to bat for him on the theory that, with some plush defense contracts to work on, he would be able to repay the RFC and justify its loans to Kaiser-Frazer. Members of the RFC Board denied any interference with Kaiser's obtaining of defense contracts when they were questioned by the Senate subcommittee, but the report of one of their own examiners, in connection with a \$7,000,000 advance to Kaiser-Frazer in February 1951 gives the lie to this denial.

The examiner's report stated that Kaiser-Frazer had received nearly a quarter of a billion dollars' worth of airplane contracts at our request, and it concluded with the observation that Kaiser-Frazer would probably be able to work its way out of its financial difficulties through profitable war contracts, but that it still needed considerably more working capital. This device of getting one Government agency in a spot where it has to help Henry to save itself is an old Kaiser trick. He used it to get his magnesium business subsidized and he tried to use it to get an additional tax advantage for his steel company.

The contracts which Kaiser-Frazer were awarded were of course the contracts to build the C-119 and C-123 at Willow Run. Fairchild Engine & Airplane Corp., an old, established airplane manufacturer, had developed the C-119 and stood ready to produce it at a price for less than anything Kaiser-Frazer could hope to offer. When it was suggested that strategic distribution was the object rather than the price, Fairchild offered to produce the plan in Chicago at the same low price. Nevertheless, this experienced low-cost producer was brushed aside and the contracts were

awarded to a very shaky company run by a man who had continually demonstrated his inability to operate without Government subsidy and who had shown a particular lack of ability when it came to aircraft production.

We have mentioned Walston S. Brown, and John A. McCone as possible links in Henry Kaiser's chain of influence. Another good possibility is Clay Bedford, executive vice president of Kaiser-Frazer, who became first assistant to the Defense Mobilization Director in June 1951, and has since been also appointed special assistant to the Secretary of Defense and now is back with Kaiser.

The story that I have sketched for you so briefly is not the story of the C-119 or the C-123 or of the RFC or of shipbuilding profits. The story is that of one man, Henry Kaiser, and of how that one man has fattened himself at the public trough for a period of over 10 years. We cannot hope to untie all the knots in this unholy tangle but we are in a position to free the present defense effort from the bloodletting habits of this human leech and we are also in a position to bar the RFC door to any more of his raids. Since Kaiser and the RFC always work together in silence, it is known that negotiations are under way for a further loan at this very moment. As a matter of fact, from what I know about the present financial condition of Kaiser-Frazer, I strongly suspect that negotiations are in fact going forward at lightning speed.

Gentlemen, this problem can never be solved by piecemeal investigations into various places where the poison has struck. It can only be wiped out by elimination of the source, the dispenser of evil, the bloodsucker growing fatter with every gasp of the American taxpayer.

It is the duty of this Congress, as protectors of the American people, to investigate Henry Kaiser, in all his many guises, to lay bare his methods and his sources of power and to thus assure that this man and these methods shall not continue to thrive on the perils of his country.

(Mr. O'KONSKI asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I have no further requests for time.

Mr. RICHARDS. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. If there are no further requests for time, general debate is closed and the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Mutual Security Act of 1952."

Mr. RICHARDS. Mr. Chairman, I move that the Committee do now rise. The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes, had come to no resolution thereon.

HOOR OF MEETING TOMORROW

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

SPECIAL ORDER GRANTED

Mr. BRAY (at the request of Mr. VORYS) was given permission to address the House for 30 minutes on Tuesday next, May 27, 1952, following the legislative program and any special orders heretofore entered.

THE CASE FOR GENERAL COLSON

(Mr. PHILBIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PHILBIN. Mr. Speaker, as one who has had an unusual and extended opportunity to observe the outstanding service of Brig. Gen. Charles F. Colson, while he was commanding general at Fort Devens, Mass., and as one who is conversant to a considerable degree with his distinguished record of service in the Army, I have been very much upset and deeply concerned by the most regrettable turn of events, and comments and insinuations in the press regarding his part in the unfortunate Kojima prison-camp incident.

Not many months ago, General Colson left Fort Devens, where he was respected and beloved by all for his fine, able, humane administration, to take up his new assignment in Korea. Like every good soldier, he left with genuine enthusiasm in his heart and mind to continue his loyal, conscientious, conspicuous service in a theater of active combat; in fact he appeared to me as a man eager and actually straining at the leash to move into the conflict against our Korean enemies.

It was, therefore, only by mere chance, one might say, or as the result of the operation of a strange turn of destiny that he happened to be on the scene when General Dodd was taken captive and the uprising of prisoners began. There was no time to lose. He did not have time to map details of strategy or policy. Clearly, General Dodd's life was at stake. Could anyone doubt that his captors were fanatical Reds and desperate men? Was there reasonable doubt that they would not gravely injure or slay him? General Colson did not stall, hedge, or delay. He acted with prompt decision and his action unquestionably saved the life of General Dodd.

Morally, ethically, legally, and in every other sense his action was amply warranted. The moral and civil law is clear on the point of the invalidity and nullity of agreements arrived at under duress. I will not argue that point because it is well established by centuries of precedents and cannot be refuted. Any agreements made to save General Dodd's life

were of no binding effect on anyone and that fact is known to every moralist, every religionist, and every competent lawyer. Why then all this tirade about General Colson? Is there any sound reason why he should be made the goat for the errors and mistakes of others in the management of enemy prison camps? To my mind, the prisoner situation should be cleared up. Prisoners should be treated decently and humanely and in strict accord with The Hague Convention, but they should not be allowed to riot, create disorder and rebellion in the camps. Above all, under no circumstances should they be permitted to take over, dominate, and control the places in which they are incarcerated.

In my opinion, on the facts I have available at present, instead of censuring or criticizing him, the Army should decorate General Colson for his wisdom and courage in acting promptly, fearlessly and regardless of his own career, interest, and welfare in saving the life of General Dodd.

His was a brave, unselfish act in accordance with the best traditions of the Army. It should be appropriately recognized.

CORRECTION OF RECORD

Mr. ABBITT. Mr. Speaker, on roll call No. 77 I am recorded as not voting. I was present and voted "yea." I ask unanimous consent that the Record and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Massachusetts [Mr. LANE] is recognized for 10 minutes.

(Mr. LANE asked and was given permission to revise and extend his remarks.)

FULBRIGHT AMENDMENT TO DPA HITS THE NEW ENGLAND UNEMPLOYED TEXTILE WORKERS WHILE THEY ARE DOWN

Mr. LANE. Mr. Speaker, if this amendment passes, the South will win another victory against the hard-pressed textile mills of New England and their thousands of unemployed workers who have no other jobs to go to.

Both the CIO and the AFL are bitterly opposed to it, and the facts are all on their side.

This amendment would scrap the Walsh-Healey Public Contracts Act under which the Secretary of Labor can set hours of labor, minimum wages, and child-labor standards on all Federal contracts of \$10,000 or more for the manufacture and supplying of goods needed by the United States Government.

The Supreme Court has upheld the act which the Fulbright amendment now attempts to nullify.

The Civil War is being fought all over again in the field of economics, and the South is gaining victories by seceding from the clear intent of the law. It has blocked the channeling of defense contracts to distressed areas. It has turned a deaf ear to our plea for emergency legislation that will increase and extend unemployment compensation benefits to critical areas. And now it is active in turning the clock back to the unwriting of progressive laws, so that they can kidnap industries from the North by beating down the decent standards that we in the Northeast have won through real collective bargaining and progressive legislation.

Our situation in New England textiles is desperate. The facts are plain, exaggerated, and heartrending to anyone who knows that economics is not solely a subject concerned with plants, and machinery, and contracts, and costs. Stripped of all its jargon, it means the ability of a human being to earn a living. When that livelihood is stolen from him by tricky legislative maneuvers, his very existence is under attack.

We have as many as 20,000 such victims in cities with a population of 100,000 and under up New England way.

The Defense Production Administration and the Surplus Manpower Committee, after much shadow-boxing, have not quite concealed their conclusions which boil down to this; they do not consider it their job to save the Northern textile industry; but they will try to relieve unemployment.

They are not even doing that.

Rosy plans to build defense plants that will take up the slack, look fine on paper. But you cannot put our unemployed textile workers into mothballs and tell them to wait in suspended animation for a solution built on promises and little else.

I have spoken of the apathy here in Washington to the plight of New England.

But this amendment is a direct thrust at our unemployed.

I do not criticize it because it was conceived in a spirit of sectional ambition, reaching to take advantage of an opportune moment. Such maneuvers are usually considered to be enterprising.

But this will swell the ranks of the jobless in New England, and I cannot imagine any American consciously and deliberately assuming responsibility for such a tragedy.

The way to progress and unity is not by undercutting the better living standards that American workers have won. Rather, we should help those whose wages are now substandard. That is the policy of the United States Government, established by law, in the award of contracts under its direct jurisdiction.

The Fulbright amendment is shortsighted, narrow, and dangerous.

For a local and temporary gain, it would set back national improvement in the status of American workers.

They are the customers of American industry.

If this amendment should pass, public opinion will overrule it on November 4.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 23, 1952
For actions of May 22, 1952
32nd-2nd, No. 88

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HIGHLIGHTS: House debated foreign-aid bill. Senate passed immigration bill. Senate made housing bill unfinished business.

HOUSE

1. FOREIGN AID. Continued debate on H. R. 7005, the foreign-aid authorization bill. Agreed to a Vorys amendment to cut \$615,300,000 from the authorization for economic aid. Efforts to increase this reduction to \$1 billion, and to reduce the cut to \$300 million, were defeated. Also rejected an amendment to delete language authorizing economic aid. (pp. 5843-50, 5853-78.)
2. AGRICULTURAL CENSUS. The Post Office and Civil Service Committee reported with amendment H. R. 7202, to provide for a census of agriculture in October 1954 and every 10th year thereafter (H. Rept. 1991)(p. 5879).
3. WATER POLLUTION. The Public Works Committee reported without amendment H. R. 6856, continuing the Water Pollution Control Act until June 30, 1956 (H. Rept. 1900)(p. 5879).
4. EMERGENCY POWERS. A subcommittee agreed to report to the full Judiciary Committee a proposal to continue certain emergency war powers (p. D489).
5. PRICE CONTROL. Rep. McCormack spoke in favor of continuing price controls (pp. 5878-9).

SENATE

6. IMMIGRATION. Passed with amendment H. R. 5678, to revise the immigration and naturalization laws, substituting the language of S. 2550 therefor. Senate conferees were appointed. (pp. 5884-933.)

7. HOUSING. Made S. 3066, to amend the defense housing laws, its unfinished business. This bill contains a provision continuing farm housing loan authority. (p. 5933.)
8. EMERGENCY POWERS. The Judiciary Committee reported without amendment S. J. Res. 156, continuing until June 15, 1952, certain emergency war powers (p. 5881).

BILLS INTRODUCED

9. RECLAMATION; FORESTRY. S. 3217, by Sen. Case, and H. R. 7947, by Rep. Berry, to facilitate the management of land and recreational resources of reclamation projects in or adjacent to the national forests of South Dakota; to Interior and Insular Affairs Committees (pp. 5880, 5882).
10. BUDGETING. H. R. 7950, by Rep. McCarthy, to amend section 206 of the Legislative Reorganization Act of 1946, so as to enable the Comptroller General more effectively to assist the Appropriations Committees in considering the budget; to Expenditures in Executive Departments Committee (p. 5880).
11. RESEARCH; BUILDINGS. H. R. 7952, by Rep. Phillips, to authorize the combination of the Truck Crop Insect Laboratory and the Citrus Insect Laboratory of the Bureau of Entomology and Plant Quarantine, located at Alhambra and Whittier, Calif., respectively, and to provide for new quarters; to Agriculture Committee (p. 5880).
12. PERSONNEL. H. R. 7951, by Rep. Ramsay, to amend the Annual and Sick Leave Act of 1951 to provide equitable treatment for married women; to Post Office and Civil Service Committee (p. 5880).
13. EMERGENCY POWERS. H. J. Res. 460, by Rep. Pickett, to continue in effect certain statutory provisions for the duration of the national emergency proclaimed December 16, 1950, and 6 months thereafter, notwithstanding the termination of the existing state of war; to Judiciary Committee (p. 5880).
H. J. Res. 461, by Rep. Feighan, to continue the effectiveness of certain statutory provisions for the duration of the national emergency proclaimed December 16, 1950, and 6 months thereafter, but not beyond June 30, 1953; to Judiciary Committee (p. 5880).
S. J. Res. 156, by Sen. McCarran, continuing the effectiveness of certain statutory provisions until June 15, 1952; to Judiciary Committee (p. 5882).
14. LAND TRANSFER. S. 3218, by Sen. Case (for himself and Sen. Mundt), to provide for the conveyance of a tract of land in Custer County, S. Dak., to the Crazy Horse Memorial Foundation, and for the reversion thereof to the United States; to Agriculture and Forestry Committee (p. 5882).
15. RETIREMENT BENEFITS. H. R. 7931, by Rep. Rodino, establishing a Commission on Old-Age and Retirement Benefits; to Ways and Means Committee (May 21, 1952).

ITEMS IN APPENDIX

16. FARM LOANS. Extension of remarks of Rep. Fisher praising the accomplishments and administration of the Farmers Home Administration (p. A3300).
17. FOREIGN AID. Extension of remarks of Rep. Heller in favor of the Mutual Security Program as an essential step towards a better world (pp. A3300-1).



Congressional Record

United States
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Vol. 98

WASHINGTON, THURSDAY, MAY 22, 1952

No. 88

House of Representatives

The House met at 10 o'clock a. m.
The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who art our refuge and strength and our help in time of trouble, we are daily beseeching Thee to bestow upon us the blessings of divine wisdom and guidance.

Thou knowest how greatly concerned and disturbed we are about the present condition and welfare of our beloved country and the problems of its defense and security.

We pray that we may be inspired with an indomitable courage and determination to save our Republic from corruption and degeneracy.

Grant that the virtues of righteousness and the fear of God may be enthroned in our national life, for history shows us very clearly and conclusively that these virtues are the only sure protection against all that is debasing and the only absolute guaranty and assurance of a nation's prosperity and perpetuity.

Wilt Thou create and stimulate in the hearts of all leaders, civilian and military, a lofty and unflinching sense of duty and responsibility in helping our democracy attain unto the highest possible standards of living and efficiency. May our democracy be rich and strong in the spirit of good will and brotherhood.

Hear us in the name of the Captain of our salvation. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

SPECIAL ORDERS GRANTED

Mr. VURSELL asked and was given permission to address the House on Wednesday next for 30 minutes, following the legislative business of the day and any other special orders heretofore entered.

Mr. PERKINS asked and was given permission to address the House tomorrow for 10 minutes, following the legislative business of the day and any other special orders heretofore entered.

PARLIAMENTARY INQUIRY

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. What time is the Senate invited to be here today?

The SPEAKER. Between 12 and 12:30.

Mr. RANKIN. Then, I suggest that marking these seats and depriving the Members of the use of them is nonsense, and I ask that they be removed.

The SPEAKER. There is no prohibition against Members using any seat they desire.

CALL OF THE HOUSE

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Evidently no quorum is present.

Mr. COOPER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 81]

Aandahl	Donovan	Kelley, Pa.
Albert	Doughton	Kennedy
Anderson, Calif.	Doyle	Kerr
Armstrong	Durham	King, Calif.
Baker	Eaton	McKinnon
Bakewell	Engle	Miller, Calif.
Barrett	Fugate	Mitchell
Beckworth	Furcolo	Morris
Bonner	Gathings	Moulder
Boykin	Gavin	Murphy
Bramblett	Golden	O'Brien, N. Y.
Bray	Granger	O'Toole
Buchanan	Hall	Patterson
Buffett	Edwin Arthur	Phillips
Burnside	Hart	Poulson
Camp	Havener	Powell
Carlyle	Hays, Ohio	Ramsay
Celler	Hébert	Redden
Chatham	Herlong	Robeson
Chelf	Herter	Rogers, Mas
Combs	Hoeven	Sabath
Cooley	Hollifield	St. George
Corbett	Hunter	Sauser
Cunningham	Irving	Sudder
Davis, Tenn.	Jackson, Calif.	Secret
Dawson	Johnson	Sheppard
Deane	Jones	Sieminski
deGraffenried	Hamilton C.	Staggers
D'Ewart	Jones,	Stockman
Dingell	Woodrow W.	Tackett
Dondero	Kearney	Talle

Thompson,
Mich.
Van Pelt
Vinson
Walter

Welch
Werdel
Wharton
Wheeler
Wickersham

Wilson, Ind.
Wilson, Tex.
Woodruff

The SPEAKER. On this roll call 319 Members have answered to their names; a quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

MUTUAL SECURITY ACT OF 1952

Mr. RICHARDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 7005, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read section 1 of the committee amendment.

If there are no amendments to section 1, the Clerk will read.

Mr. HINSHAW. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in considering this very important subject, I think we should hear the words of one of the present leaders of the minority party in Great Britain.

As everyone knows, there is a clash of personalities in the present minority party in Great Britain, and it would appear that Mr. A. Bevan may become leader of the socialist Labor Party. At all events, the balance of power in the British Parliament is very slim indeed, and the differences between the two sides are very great. The question is whether or not the Conservative Party may be able long to retain its leadership in the British Parliament. If the Conservative Party should lose its majority, then it is possible that the Bevan wing—the radical wing of the socialist Labor Party—might gain control. The think-

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FILE COPY

Please return to
CHIEF, LEGISLATIVE REPORTING
Office of Budget and Finance

ing of Mr. Bevan is, therefore, of great interest to the United States.

According to the London Daily Mail of March 17, 1952, Mr. Aneurin Bevan is reported as having attacked the United States for the scale of its rearmament program when he spoke in Jarrow. He is reported to have said in Jarrow:

I believe Western Europe is making a very great mistake in allowing the intellectual and moral leadership of the world to fall into the hands of the United States of America.

I want to make it quite clear that I am not anti-American. I am not anti-anybody. I have very many dear American friends. But I do not believe the American Nation has the experience, the sagacity, or the self-restraint necessary for world leadership at this time. She is engaged at the moment in the most tremendous rearmament program the world has ever seen. Quite honestly, I cannot see any sense in it.

We all know America is very powerful, but at the same time we know that America is carrying on this rearmament program and carrying out fiscal policies like high tariffs that are ruining Western Europe.

A little further in the article he says:

I say to my American friends: "Your economic and fiscal policies are doing more damage to Western Europe than Stalin ever could."

Mr. Bevan went on:

I hope we shall start a great peace movement, not because we want to deceive ourselves—

Mr. SHORT. Would the gentleman mind repeating what he said about Stalin?

Mr. HINSHAW. Mr. Chairman, at the request of the gentleman from Missouri I will reread one short sentence. He says—this is Mr. Aneurin Bevan speaking:

I say to my American friends: "Your economic and fiscal policies are doing more damage to Western Europe than Stalin ever could."

Further on in the article he says:

I believe that the dangers from communism, if dangers there are, come not from military plans at all but come from the failure to redress wrongs that exist in western society—

And so on.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I shall be pleased to.

Mr. RICHARDS. I am sure the gentleman will not only admit that Mr. Bevan represents a minority party but also that he represents a minority within the minority Labor Party; is not that right?

Mr. HINSHAW. That is exactly what I meant; yes.

Mr. RICHARDS. Then we will agree on one point, that Mr. Bevan is no friend of the United States, just as a great many minorities in the United States are no friends of Great Britain.

Mr. HINSHAW. I agree with the gentleman entirely; and, if the gentleman will permit, I would like to comment further.

I have merely presented this article to demonstrate that the present minority

party in the British Parliament, which at any moment could become the majority party, and the leadership of which could very easily fall into the hands of this man, is not at all consonant with the principles of the United States; that in the event that political party should succeed in Great Britain to achieve the majorityship, then any plans we might make here for the defense of western society could very well fall away to nothing, and that we must consider these viewpoints in our present consideration of this program in which we are engaging, we think, for the benefit of all society, including Western Europe and including Great Britain.

The CHAIRMAN. The time of the gentleman from California has expired.

(On request of Mr. RICHARDS, and by unanimous consent, Mr. HINSHAW was allowed to proceed for two additional minutes.)

Mr. RICHARDS. The gentleman will also admit that there is not a country in the world which does not have some minority group or minority leader who is unfriendly to this country, is that correct?

Mr. HINSHAW. Of course, that is true and that is one of the great risks we are running in this program.

Mr. RICHARDS. That is a calculated risk and one we have to assume.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Minnesota.

Mr. JUDD. Is it not true that if the United States were to be drastic or indiscreet in handling this program at this particular moment, it might do more than anything else to put Great Britain back into the hands of the people who are most opposed to ourselves?

Mr. HINSHAW. Yes. We supported the British Socialist Party for years, we kept them in power by contributing to the welfare of that country during its period of leadership, and we certainly should not endeavor to reestablish that party in power.

Mr. JUDD. A better party, from our standpoint, is now in power over there than in the last few years. We ought not to weaken its position and power.

Mr. HINSHAW. I do not think we can run their politics, but I think we ought to know full well what we are doing when we enter upon this program.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Mississippi.

Mr. RANKIN. Is it not a fact that the so-called Marshall plan was originally the Bevan plan?

Mr. HINSHAW. Possibly so.

Mr. RANKIN. It is now bankrupting the United States and dragging us down the economic path to ruin.

Mr. HINSHAW. They took everything they could get from us and asked for more.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. I think the most significant statement to indicate the situation

with reference to Bevan that the gentleman read from the article from which he quoted was the one in which Bevan said in regard to communism, "if danger there is."

Mr. HINSHAW. He does not believe there is any danger from communism, but the rest of us do.

The article from which I quoted is as follows:

[From the London Daily Mail of March 17, 1952]

BEVAN: DANGER IS UNITED STATES, NOT RUSSIA—"DOING EUROPE MUCH MORE HARM THAN STALIN CAN EVER DO"

Mr. Aneurin Bevan attacked the United States for the scale of its rearmament program when he spoke in Jarrow last night. He said: "I believe Western Europe is making a very great mistake in allowing the intellectual and moral leadership of the world to fall into the hands of the United States of America."

"I want to make it quite clear that I am not anti-American. I am not anti anybody."

"I have very many dear American friends. But I don't believe the American Nation has the experience, the sagacity, or the self-restraint necessary for world leadership at this time. She is engaged at the moment in the most tremendous rearmament program in the world has ever seen." Quite honestly, I cannot see any sense in it.

"We all know America is very powerful, but at the same time we know that America is carrying on this rearmament program and carrying out fiscal policies like high tariffs that are ruining Western Europe."

"France is on the edge of ruin. We are running into national insolvency as a consequence of the lack of balance between the economies of the Western World and America."

"I say to my American friends: 'Your economic and fiscal policies are doing more damage to Western Europe than Stalin ever could do.'"

PEACE CAMPAIGN

Mr. Bevan went on: "I hope we shall start a great peace movement, not because we want to deceive ourselves that some men in the world don't want war but because the forces of peace are more powerful than the forces of war."

At one point Mr. Bevan said: "Now General Franco is going to become one of the saviors of democracy in the west. When are we going to have some sense of national pride and tell the United States that she can't have Great Britain on any terms? The Americans would understand us. They like plain speaking. Why don't we speak plainly to them?"

On Britain's rearmament policy Mr. Bevan said: "Stalin is not deterred by atom bombs. * * * There is more reason for the British to concern themselves with the atom bomb."

"Therefore, I don't believe that the Soviet Union, if it has intentions of imperial aggrandizement, is going to make war in that way."

COMMUNISM

"I believe that the dangers from communism, if dangers there are, come not from military plans at all but come from the failure to redress wrongs that exist in western society."

Earlier, in a reference to differences inside the Labor Party, Mr. Bevan complained that the newspapers were trying to create original quarrels. He made bitter allusion to conservative newspapers busy electing leaders of the Labor Party.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, it is rather difficult for me to understand why the gentleman from California injected into this debate some statement made by Mr. Bevan. We all know his views; we all have our opinions. The only inference I can draw is that the gentleman is trying to inject something that by way of reaction might produce a prejudicial state of mind in the minds of some of the Members of the House in relation to the pending bill and that by way of this reaction some Members might vote contrary to what they would vote if they were voting by way of affirmation. There have been some prominent Americans who have spoken in favor of this bill and who have made utterances in favor of this bill. There are any number of whom I could mention, one of whom is a very prominent Republican candidate for President at this time, General Eisenhower.

I give to the House the utterances of General Eisenhower, who is a great American, as compared with the remarks made by my friend from California, who used as the basis of his remarks some statement made by Mr. Bevan.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from California.

Mr. HINSHAW. I do not believe that the gentleman can place the interpretation upon my words that he has stated.

Mr. McCORMACK. Will the gentleman give me his interpretation, what he intended for us to infer? I want the Record to show that, because I do not want to put on any interpretation that is contrary to the state of mind of any individual.

Mr. HINSHAW. My interpretation of the remarks—

Mr. McCORMACK. What was the gentleman's intent in taking the floor and quoting Mr. Bevan?

Mr. HINSHAW. My intent and interpretation of the remarks—

Mr. McCORMACK. I am talking about intent. There are two different things involved here.

Mr. HINSHAW. My intent was to inform the House of the viewpoint of one of the minority leaders in the British Parliament.

Mr. McCORMACK. Would the gentleman accept this viewpoint as against General Eisenhower?

Mr. HINSHAW. Of course not, and I will state that on this floor. I do not know why the gentleman takes me to task.

Mr. McCORMACK. I have not taken my friend to task.

Mr. HINSHAW. Then I have misunderstood the gentleman.

Mr. McCORMACK. I am calling attention to the fact he made a rather unusual speech and called attention to the fact he quoted Mr. Bevan, who is a British subject. I also called his attention to the fact he did not quote an outstanding American who might be the nominee of the Republican Party, at least he is one of the two strong contenders, General Eisenhower. It is going to be rather interesting when the vote is taken to see

on the Republican side what influence General Eisenhower has.

Mr. Chairman, anyone who believes in the preservation of western civilization, which is the civilization of God, should not be an isolationist today. The causes that produced isolationism in World War I are entirely different than those of today. The basic issue of today is entirely different. It is greater and broader than nations and peoples. It is greater than national or racial prejudices and feelings. The basic issue facing us today transcends purely nationalistic feeling or emotional reactions. In the determined effort of international communism to dominate and control the world is the enslavement, persecution, imprisonment, and even death of those who oppose international communism. Involved in this is the independence of nations and freedom of peoples in the free world; the hope of enslaved peoples like Poland, Hungary, Lithuania, Latvia, Estonia and other nations behind the iron curtain to regain independence and freedom.

The passage of this bill is vitally important to the people of West Germany, of Italy, of France, of all of the countries that are still free in Europe, including Spain, Portugal, and even Ireland, and Great Britain, to resist communism being imposed upon them. The passage of this bill is vitally important to those people in Communist-dominated countries who are hoping for future freedom and independence. But we might just as well face the facts and recognize the basic issue involved.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

(By unanimous consent, Mr. McCORMACK was allowed to proceed for five additional minutes.)

Mr. McCORMACK. The basic issue involved is the forces of anti-God, which is the origin of communism; the hate-God origin, destroying His churches, to get control by any means, and once in control destroy, and compel those who survive to comply, and then by force and through fear subject them to the vicious persecution of international communism. We are either going to have a world of God or a world of atheistic communism with its origin of hatred of God and all that His law stands for. It is up to us to determine what kind of a world we shall live in.

This bill is a marked contribution toward meeting the present world menace of atheistic communism. We must realize that we cannot separate or isolate ourselves from the other nations of the world; let them be taken over one by one by the Communists, without presenting great danger to our country and to ourselves. There is no justification today in our own interest for any American following a policy of isolationism, and I am confining my remarks on this occasion to Europe. But, what I have said, would also apply to any other part of the world. Confining myself to Europe, this would mean giving into the hands of Stalin and his gang of world killers Norway, Sweden, Finland, Western Germany, France, the Low Countries, Italy,

Switzerland, Spain, Greece, and our ally, Turkey. What Americans, particularly those of French blood, those of Italian blood, those of German blood, and of other European countries that are still free there, Americans or any other racial origin, would want to see this happen?

No matter what may have been those factors and the causes that brought about a feeling of isolationism among some Americans in the past, they do not exist now. This is a changed world. Our thinking, our opinions, our governmental policies must be geared to the world of today, not to the world of 10, 20, 30, or 40 years ago.

If Western Europe with its great productive capacity and 200,000,000 people, with the know-how that exists there, is taken over by the Kremlin, is there anyone present who thinks for one moment that Stalin will leave Ireland and Great Britain alone? The stakes are too high for us to take a chance. They are too high for isolationism at all to exist in the America of today. We can judge the present and form our opinions in relation to the conditions that exist today, and we must do so in the light of the world conditions and not from the angle of from one to four decades ago.

While we are thinking and talking about productive capacity, let us appreciate the productive capacity of Western Europe and what it would mean in terms of our own self-interest if, added to what the Soviet Union controls today, it controlled the productive capacity of Western Europe. At the present time we have about a 4½ to 1 advantage over the Soviet Union and its satellite nations. The United States has an advantage of about 3 to 1 in production terms. Western Europe has an advantage of about 1½ to 1 over the Soviet Union. If the Soviet Union were to get control of western Europe without regard to the 200,000,000 additional people they would get control of, without regard to the know-how they would get control of, the productive capacity of Western Europe, added to that of the Soviet Union, would give the Soviet Union a productive capacity that would make it a serious competitor of our own country, and that would be dangerous to the national interest of our own country.

Further, if the Communists obtained control of Western Europe, is there anyone who thinks that any country in the Western Hemisphere would fight and die for the United States? That would place us in a position where we would be alone in the world of today.

Mr. Chairman, it is too great a calculated risk for any one of us to take.

(On request of Mr. FULTON, and by unanimous consent, Mr. McCORMACK was allowed to proceed for two additional minutes.)

Mr. FULTON. May I interrupt the gentleman to straighten out something that has occurred here in the colloquy? It is a misunderstanding of the name "Bevan." In Britain there was Ernest Bevin, who was a great friend of America. The Marshall plan was at one time called the Bevin plan. When the gentleman from Mississippi referred to the Bevan plan, he referred to Aneurin Be-

van, who was quoted here by the gentleman from California. He is a left-wing Socialist and has no connection with the other man, Ernest Bevin.

Mr. McCORMACK. The gentleman is absolutely correct, and I think he has made a contribution in having the RECORD show that fact.

Mr. FULTON. May I finish by saying that those of us who are for this bill want Britain allied to us and want it standing with us side by side, but Aneurin Bevan's faction does not. So a vote against this bill is a vote that could be interpreted that we should stand separately.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from California.

Mr. McDONOUGH. The burden of the gentleman's remarks was against isolationism, as I understood it.

Mr. McCORMACK. No, not against isolationism. The intent of my remarks was to show why in the light of the conditions existing in the world today what is termed isolationism—and I use that term simply descriptively, and in no critical sense—should have no place in the minds of Americans of today in the light of the world conditions existing. That should apply to all Americans, but particularly those Americans who were born in European countries or whose ancestors were born there. That includes Ireland and Great Britain, because if the Communists overrun Western Europe, Ireland and Great Britain would be subjected to Communist pressure and danger. It has special emphasis to the Americans of German and Italian blood.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

(On request of Mr. KERSTEN of Wisconsin, and by unanimous consent, Mr. McCormack was allowed to proceed for two additional minutes.)

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. McDONOUGH. Will the gentleman not admit that the attitude of Great Britain toward Ireland has brought about an isolationist attitude on the part of Ireland, which is entirely unnecessary. I know your devotion to Ireland, and I think you will admit because of their attitude, that is the attitude of Great Britain toward Ireland, they have isolated that country from the NATO agreement.

Mr. McCORMACK. My position on the unification of Ireland is well known. But, in the face of the great danger that confronts the world today, which is the greater danger, we should all band together to meet this danger to preserve the way of life we believe in.

Mr. McDONOUGH. I am not disagreeing with that.

Mr. McCORMACK. And other questions should be settled during and after we have met the graver and more immediate and primary danger.

Mr. McDONOUGH. The gentleman admits that Great Britain's attitude has actually isolated Ireland; does he not?

Mr. McCORMACK. Unfortunately, yes. But, my argument is that despite that, in view of world conditions today, with the grave problems involved and the gravity of the problems confronting all of us, we should stand upon that common ground that we can all stand upon and meet and defeat the danger of international communism, and then to meet other questions which, while important, are secondary to world communism, and settle them after we have met the greater danger, and we can settle the other questions as we go along even now, or particularly after we meet the grave danger that confronts us.

Mr. McDONOUGH. Should we not use our influence to prevent that isolationism of Ireland?

Mr. McCORMACK. That is another question—there are some of who believe that like my friend from California and I do.

Mr. McDONOUGH. But, we are supporting Great Britain with funds.

Mr. McCORMACK. Yes, but does the gentleman take issue with anything I said, that if the Communists get control of Western Europe, it will not be for the best interests of our country?

Mr. McDONOUGH. No, I do not take issue with that statement, of course.

Mr. McCORMACK. No, of course not.

Mr. KERSTEN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. KERSTEN of Wisconsin. The gentleman referred to the fact that Poland and the other satellite nations might ultimately regain their freedom.

Mr. McCORMACK. The only way that can be done is by holding the line in Europe.

Mr. KERSTEN of Wisconsin. Does not the gentleman believe that everything should be done in a practical and prudent way, which looks toward the liberation of the present captive nations in Moscow?

Mr. McCORMACK. Absolutely.

Mr. KERSTEN of Wisconsin. And that our policies should be pointed in that direction?

Mr. McCORMACK. Yes, and it should be pointed in that direction affirmatively. I agree with the gentleman and that is contained in the substance of my remarks. There should be an affirmative approach.

Mr. KERSTEN of Wisconsin. There should be an affirmative approach that goes beyond the negative and merely defensive position in Poland.

Mr. McCORMACK. I thoroughly agree with the gentleman.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. COUDERT. Mr. Chairman, I rise in opposition to the pro forma amendment.

(On request of Mr. MILLER of Nebraska, and by unanimous consent, Mr. COUDERT was allowed to proceed for five additional minutes.)

(Mr. COUDERT asked and was given permission to revise and extend his remarks.)

Mr. COUDERT. Mr. Chairman, I rise at this time neither to support nor to op-

pose the bill, nor to propose an amendment, nor to oppose any amendment. I rise to call the attention of the membership of the House to some facts which I think are very pertinent, which have a very significant bearing on the problem before the House today, particularly as to the amounts to be authorized in this bill and ultimately appropriated in a later bill.

Mr. Chairman, our good friend, the gentleman from Massachusetts, the majority leader, did not seem to like the reference here in the well to a minority leader of a minority party in Great Britain. Perhaps he would be more interested in the considered conclusions of a leader in the majority party in the United States. In fact, the gentleman is one of the leading candidates for President, of his party, the Democratic Party. I refer to W. Averell Harriman. I think the gentleman from Massachusetts [Mr. McCormack] and the Members of the House will have to decide whether they believe in Mr. Harriman No. 1 or in Mr. Harriman No. 2. I am not making any recommendations as to that question, but wish solely to recall to you, the words and conclusions of Mr. Harriman No. 1, speaking in 1947. My attention was called to Mr. Harriman and this matter by a story published in the morning's newspapers. Mr. Harriman No. 2, speaking this morning, Mr. Harriman, Director of Mutual Aid, Democratic candidate for President of the United States. The headline in the New York Times says:

Harriman attacks Congress over aid. Harriman belabored Congress today for considering cut of \$1,000,000,000 in foreign aid.

That, I take it, is directed at the distinguished gentleman from South Carolina [Mr. RICHARDS] and his majority colleagues, who had the temerity not to grant in this bill every item that the administration has demanded. I congratulate him on it, but Mr. Harriman No. 2, obviously, does not.

Now, let us get back to Mr. Harriman No. 1.

When I first came to the Congress, as did many other Members here today, in the Eightieth Congress, the Marshall plan was born. At the time it was born many Americans were apprehensive as to how much the United States, how much the American economy, how much the simple American taxpayer could afford to pay for needy, useful, and wise foreign aid, without suffering disastrous inflation and bankruptcy. So, under instructions of the President, there was set up what became known as the Harriman committee. Mr. Harriman, then Secretary of Commerce, set up a very distinguished nonpartisan committee, consisting of bankers, businessmen, leaders of industry, leaders of labor, top men in the CIO, top men in the A. F. of L., representing all shades and sections of the American public. Out of the deliberations of this distinguished body came a voluminous and carefully prepared report. Let me read to you the letter of transmittal from Mr. Harriman No. 1, speaking in 1947. It is really very interesting:

Dear Mr. President—

Said Mr. Harriman No. 1—

I have the honor to transmit the report of the nonpartisan committee of distinguished citizens which you appointed last June to advise you on the limits within which the United States might safely and wisely plan to extend economic assistance to foreign countries, and on the relations which should exist between such assistance and our domestic economy.

That is the letter of transmittal. How far could we safely spend money, authorize money, appropriate money for foreign aid?

Then, when we go into the body of the report, in the very first section, we read on page 3:

The President's Committee on Foreign Aid was asked to determine the limits within which the United States could safely and wisely extend aid to Western Europe. It has approached this assignment in a spirit of realism.

That is a very distinguished committee of Americans full of zeal for foreign aid, wholly convinced of the need for it, appointed to determine upon the request of the President how much we could afford to do without inflation and disastrous consequences. Then, as the committee report goes on this note runs all through it. There are given categorical answers; there is no quibbling, there is no qualification. The committee comes up with this conclusion as to what is the maximum safe amount:

On the basis of revised estimates, the committee calculates that the cost of the European-aid program to the Government of the United States would be about \$5,750,000,000 for the first year; and, in round numbers, between twelve and seventeen billion dollars for the whole program here suggested.

The committee believes that any aid to Europe offered by the United States should be financed out of taxes, not out of borrowing.

And that was a program, you will recall, that was proposed for a period of 4 years, making an average of four and a quarter billions a year stated by that distinguished committee of Americans as the maximum that the United States could safely spend on foreign aid; and remember that was against the background of the budget situation of 1948, \$35,000,000,000 of national expenditures against \$85,000,000,000 of expenditures planned by the President for this year.

The point is, and I repeat it, I think it is something we have to ponder when we consider these immense amounts with the Government in 1948 spending only \$35,000,000,000—four and a quarter billion was considered by Mr. Harriman, not this committee—the maximum amount that the Government of the United States and the people could safely spend for foreign aid.

Yet this very Mr. Harriman, and other representatives of this Government, are planning to spend in fiscal 1953, beginning July 1, not four and a quarter billions, not the \$6,900,000,000, that our Foreign Affairs Committee in this bill has reported to the House, but \$10,500,000,000. That is Harriman No. 2: \$10,500,000,000. Now, there is nothing we can do about that \$10,500,000,000 in this bill because there is no way we can limit

the use of carry-over appropriations. Perhaps when we get to the appropriation bill itself someone may suggest that some action be taken to limit total expenditures for 1953 by imposing a ceiling as was done on the military bill.

The CHAIRMAN. The time of the gentleman from New York has expired. (By unanimous consent, Mr. COUDERT was allowed to proceed for two additional minutes.)

Mrs. BOSONE. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield.

Mrs. BOSONE. Surely the gentleman from New York knows that in 1947 we may all have had different ideas. When I first read of the Marshall plan and the termination of it in 1952 I thought that was right. But, believe me, when 1950 came along and the Korean situation, I certainly changed my mind.

I would far prefer to have the front lines in Europe and in Korea than on the clotheslines of our homes here in America. I believe we should think of the difference in the times between 1947 and 1952 and the situation we are now in today, 1952.

Mr. COUDERT. I quite agree with the gentlewoman from Utah, and I am glad she made that point. I think we are all in accord on strengthening Western Europe and keeping war away from home.

The reason the amount to be authorized in this bill is important and the reason the proposed total expenditures for 1953 of old and new appropriations is important is the same reason that led the House to limit total military expenditures in 1953. We have nearly all come to realize that the economy, the economic integrity, the solvency of the United States, the security of the American dollar are every bit as important as is the build-up of military strength. They are two sides of the same coin. I say that we must consider in determining the amount to be provided in this bill not only what we would like to be able to contribute in the way of aid but also what we can safely afford to expend in the way of aid on top of the enormous amounts that the administration is planning to spend for the military and all of the other items of the Federal budget. It must be considered as a part of a single whole. For that reason I want to call the attention of the House to these considered, carefully prepared conclusions of this wise and nonpartisan committee of 5 years ago. No foreign foe can defeat the United States. But the United States still can destroy itself by reckless public spending and paralyzing taxation.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LANTAFF. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, yesterday afternoon I discussed an amendment which I shall offer to this bill requiring recipient nations to contribute their proportionate part of the burden being carried by the American taxpayer in defense of the free world. Let me read to you an article appearing in the Miami Herald on May

10 by Ernie Hill. It is pertinent to the consideration of this bill and a logical argument for adoption of my amendment:

The American taxpayer, mangled daily by high prices and clipped weekly in the pay check, deserves a lot more credit at home and abroad than anybody here or there appears ready to give him.

He is the guy who—sometimes meekly and sometimes under protest—is shelling out to keep a fantastic number of economic and military projects going on everywhere in the free world.

And all the thanks he gets you could put in your eye.

This unhappy set of circumstances is one of the strongest feelings I have experienced in returning to the United States from 8 months in 10 European and Middle East countries.

Our foreign friends are inclined to take our products of sweat and hard work for granted.

Many of them, in fact, reason by devious means that the American taxpayers have some ulterior motive in keeping them afloat and in some state of military preparedness.

Our military and diplomatic representatives abroad—living on a lavish scale to which they were never accustomed back in Dodge City—also take it in their stride.

Nobody ever feels sorry for or grateful to the man or woman coughing up the 10 or 20 bucks a week back home.

The taxes are one jolt.

But the cost of living, easily the highest in the world because of the siphoning off of goods for our friends, takes even more.

The American dollar will buy two or three times as much abroad as it will here.

In Europe and the Middle East, the people know about Congressmen who favor or disapprove of foreign aid.

They know about generals and atom bombs and politicians and candidates for President.

They are kept aware of President Truman's \$7,900,000,000 foreign aid bill and its ups and downs before Congress.

All of this is very interesting and sometimes dramatic.

But they have no idea at all about the little people who work in factories or offices or on farms and what it costs them personally for all this both in taxes and in a higher cost of living here. Maybe it is impossible to tell this story.

Yet I have a feeling that the United States would be a lot more popular than it is today if the people of Europe and the Middle East could comprehend what the American taxpayer is doing for the free world.

It means mothers with large families buying cheap cuts of meat, mixing powdered milk with whole milk, patching worn clothes and making scores of little savings that go to help stop the power-crazed men in the Kremlin from subjugating the free world.

These are the kinds of sacrifices that might be understood.

All they see are the diplomats with striped pants, the embassy attachés with three servants and the military brass with the best of everything.

It would appear that the United States Information Service—press, radio and films—might well stop bragging about the number of automobiles, radios, electric irons, and refrigerators in this country.

And tell about how much less there is in the refrigerators these days because of the oppressive donations shipped everywhere in the free world.

With the adoption of the amendment I will propose to the Committee we will bring forcibly to the attention of these recipient nations the burdens being car-

ried by the American taxpayer, because the amendment will provide that unless they are willing to carry their share of the load in proportion to what the American taxpayer is carrying, foreign aid will then be denied them.

Mr. MILLER of Nebraska. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. MILLER of Nebraska asked and was given permission to revise and extend his remarks.)

Mr. MILLER of Nebraska. Mr. Chairman, the Members of the House will be called upon today to vote on certain amendments to this foreign-aid bill. You will be voting your convictions and a new philosophy of government. I have been wrestling with my soul as to the right thing to do on cuts in the bill. I shall vote against the bill. This country cannot carry the world on its back. Our danger is from a crack-up within this country and not from external forces. I say that because of the hysteria that sometimes surrounds remarks upon this major issue. Visitors to and from Europe tell me there is more hysteria in Washington regarding war than there is in all of the capitals of Europe. I wonder why this hysteria and urgency here in the Nation's Capital. This country has few friends, even though we have given away billions of dollars. European cities are under the guns and the cannons of Russia. They are not nearly as much afraid of war, apparently, as we are. It is unfortunate that there is some sort of underground hysteria that drives people on that says "You cannot do this" and "You must do that." Why, it was only 2 years ago that General Bradley came before the Committee on Appropriations and said, "If I ever ask you for more than \$14,000,000,000 for war preparation, I ought to be fired." Well, I do not know how many billions of dollars the military now has, but near a hundred billion by July 1 unexpended. I know conditions have changed. We are in an unconstitutional, undeclared police action over in Korea that is sort of an accordion action back and forth, and no one knows where the end might be.

Then the President, bless his heart—I know he has a lot of troubles on his doorstep—speaks in intemperate language that we, who want to save some money are playing into the hands of Stalin. Why yes, you colleagues of mine, you budget-cutters, you are playing into the hands of Joe Stalin because you question wasteful spending. When I heard that remark on the radio I wondered if the President had ever heard about the plans of Stalin. He wants this country to spend itself into bankruptcy. In my book the solemn obligation of the Government, the banks, the insurance companies, and the trust companies is to keep a sound dollar; a dollar that is worth a dollar, because economic collapse in this country can be just as fatal as a military defeat. When America goes broke, who is going to help America? Who can we help when we go broke? Do not say that that cannot happen. The dollar is getting close to the 50-cent mark. We are near eco-

nomic ruin—on stilts of bankruptcy. The fall would be here now but for spending for war and a give-away of our resources all over the world. I warn you, my colleagues, there is a limit to what this country can do.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Nebraska. I yield to the gentleman from Mississippi.

Mr. RANKIN. I wonder if the gentleman saw the statement by Mr. Acheson to the effect that if any free country would be attacked, it would be our duty to send our boys over there to fight their war. That is what it amounted to.

Mr. MILLER of Nebraska. Yes, that is the agreement Truman made under the NATO agreement. We have been told to spend to stop communism. I remember lend-lease and UNRRA and the Marshall plan, and now this Mutual Assistance Program. It is to stop communism. We want to stop communism, but, my friends, communism has marched steadily on from 170,000,000 to more than 800,000,000 people in 10 years and in the face of all this give-away program. We do not have any friends around the world. They are few and far between. When this country stops our aid we will be hated. The talk of European countries is "how much can we get out of the United States." We are not giving enough attention to our economic capacity. It is limited. I say we are in danger from an economic collapse. The taxpayers of this country are called upon to carry a burden that they cannot carry. I would like to vote just for food, medicine, and clothing, and the things needed, as I did under UNRRA. I supported UNRRA. This spending is different. Without all this spending and its false prosperity, blood money, there would now be unemployment and economic troubles. We must face it.

(Mr. CRAWFORD asked and was given permission to revise and extend his remarks.)

Mr. CRAWFORD. Mr. Chairman, I move to strike out the last word.

MUTUAL SECURITY ACT OF 1952

Mr. CRAWFORD. Mr. Chairman, as I understand this proposal, briefly, it calls for more than \$7,000,000,000. What I see in the bill and the hearings and the committee report, and what I have heard here in debate, takes me back to about February 1, 1951, when General Eisenhower stood before our united group over in the auditorium at the Congressional Library and laid down to us three basic propositions:

First. That the world situation is such that we must stand substantially on the alert for 10 years or 20 years, or whatever time is necessary, to meet the day that the enemy decides to strike. Personally, I look upon that as a proposition without a beginning, without a middle, and without an end. I think it is the first time such a proposal was ever made to our people.

Second. The general laid down the proposition that we had no moral responsibility to carry the total burden of the world as related to the propositions contained in this proposal before us.

Third. He emphasized, I believe, some two or three times in his statement to us, that, whatever we assume to be our responsibility, as we proceed to carry it out we must carry it out within solvency, within our ability to pay for it.

That was on or about February 1, 1951.

It was my privilege last October, just before the British elections, to have a long visit with the general and with General Biddle, whom I look upon as General Eisenhower's right-hand man. I shall not quote either of those gentlemen. At that time I brought up for discussion these three propositions which the general had placed before us the prior February, and asked for comments with respect to "How does the picture look to you gentlemen at the present time, after these several months in Europe?" The report I received from both General Eisenhower and General Biddle was indeed discouraging as far as my appraisal was concerned.

I went into some detailed figures with them, and I inquired as to when, in the absence of a major economic collapse in some major country or in the absence of the breaking out of world war III actively in a hot war—how long would we probably be in Europe on this kind of a program. I received impressions to the effect that under the most favorable conditions we would have to be there at least until 1954.

We took the figures of appropriations and authorizations which had been presented to us prior to this present budget and extended the figures up to 1954, and then scaled off, dropping very rapidly from 1954 over the next 4 or 5 years. Then the situation presented itself for inquiry as to "What can we do and keep within solvency?" Just recently General Eisenhower has further remarked with respect to this question of "within solvency."

You can reach your own conclusions as to what we can do and keep within solvency, and I will reach my conclusions. Whether or not there will be a record vote on this bill I do not know.

Mr. MASON. Oh, there must be a record vote on this bill.

Mr. CRAWFORD. It is immaterial to me whether or not there is a record vote because I know what my position is, and I think the people in my district know; and if they do not know, they will know it from this record before the next 3 minutes expire.

I think we have passed the point where we are keeping within solvency, insofar as international obligations are concerned. We have these treaty provisions, and I do not know of any way we can get out from under those treaty obligations quickly. Those are obligations, as I read the Constitution, those treaties constitute at least a part of the supreme law of this land. But what terrifies me is the insistence on the part of President Truman and the administration in general, on stepping outside these treaty provisions, and assuming most every kind of an additional international obligation which can be imagined.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(By unanimous consent, Mr. CRAWFORD was allowed to proceed for one additional minute.)

Mr. CRAWFORD. Mr. Chairman, if I have the opportunity through some member of the Foreign Affairs Committee offering amendments to this bill, I shall certainly support reductions up to \$5,000,000,000, and whether there are any reductions in the bill, or whether it stands as is, I propose to vote against the proposition, because I believe this and other international programs we are now financing, if continued on present scale, will not only bankrupt our economy, but also lead to the destruction of our form of government.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

[Mr. RANKIN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. RHODES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think it would be wonderful if we could pull behind our own shores and forget the rest of the world. Evidently some of us believe we could live in that kind of a dream world. It is a philosophy which would lead to the end of all which we hold dear.

"What can we do and remain solvent?" the gentleman from Michigan [Mr. CRAWFORD] asks. That argument has been used against every important piece of progressive legislation in the last 20 years. We cannot afford to spend money for a sound flood-control program, so we permit our precious topsoil to wash into the sea. We cannot afford proper programs to preserve our forests, so we continue to waste real wealth under the guise of economy. The real wasters in this Congress are those responsible for the tragic waste of real wealth, without which all of our dollars would be meaningless.

Now, we hear the same kind of talk when our freedom and our very survival is at stake. I was interested in the remarks of the gentleman from California [Mr. HINSHAW] and his reference to Mr. Bevan, who was critical of the defense program. Bevan is minority leader of a minority party and was recently rebuked by an overwhelming majority of his own colleagues.

If we are to be influenced by the Bevans, and our true friends in Britain and the free world are to be influenced by our own isolationists, anti-Britishers, and anti-U. N.'ers in the Congress, it would bring disunity in the free world. It would endanger our own freedom and security because it would ultimately force the rest of the free world to deal with Stalin.

The gentleman from California said his intent was to inform the Congress. I ask, For what purpose? Is it to influence this Congress to take a position advocated by the opponents of this legislation to cut or destroy the program which many of us believe is essential in the world struggle to preserve human freedom?

It must make Mr. Stalin happy to know that Mr. Bevan and the opponents

of the aid program in this Congress find common cause in opposing this legislation. If Mr. Bevan does not think that communism is a menace, how can his words influence those of us who claim to be its most bitter foes?

It seems to me that Bevan's words should influence us to support this legislation. It is not unusual that those who are most vocal in the fight against communism unconsciously do so much to help it. That has been true not only of foreign policy but also of domestic policy. All we have to do is to look back to those dark days of the 1930's when the seeds of communism took root in this country as a result of conditions brought on by the blind policies of reaction. Such policies point the way to disaster today, just as they have in the past.

The Clerk read as follows:

SEC. 2. Section 2 of the Mutual Security Act of 1951 is amended by inserting "(a)" after the section number and by adding at the end thereof a new subsection as follows:

"(b) The Congress welcomes the recent progress in political federation, military integration, and economic unification in Europe and reaffirms its belief in the necessity of further vigorous efforts toward these ends as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this act should be so administered as to support concrete measures for political federation, military integration, and economic unification in Europe. Appropriations made pursuant to paragraphs 101 (a) (1), relating to military assistance, and 101 (a) (2), relating to defense support and economic assistance, of this act may be used, pursuant to the applicable terms and conditions of the Mutual Defense Assistance Act of 1949, as amended, and of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), respectively, to furnish assistance (including, in the case of amounts available pursuant to paragraph 101 (a) (2), transfers of funds) to any of the following organizations: (A) The North Atlantic Treaty Organization, (B) the European Coal and Steel Community, (C) the organization which may evolve from current international discussions concerning a European defense community."

Mr. SCRIVNER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to see if I can get some information which I have not been able to get from either the statements made yesterday, this morning, or the report.

As I read the bill, although it is said it is to authorize appropriations for only \$6,889,000,000, in effect, that is not quite true; in substance it amounts to \$7,889,000,000, because on page 22 the Secretary of Defense is authorized to transfer at his discretion a billion dollars of military supplies. That is cutting from one end of the blanket and adding the strip to the other end. What has been advertised as a cut is really no cut at all.

The question I would like to ask is: Upon what showing, upon what authority, upon what control of the Secretary of Defense is there? Is it to be on his own decision based upon any set of facts, upon any conditions? Does he do that on his own?

I ask that question for the reason that we have carefully considered all the mil-

itary appropriation requests. Defense Department witnesses told us that they had got it down to the very bottom dollar. Then you will recall that the House made certain reductions in the military budget in the Army; we cut it \$1,200,000,000 by careful pruning, by scanning every item that was requested. If there is a billion dollars' worth of fat or excess material that can be transferred to European defense without hurting our own forces we should have been informed of it at the time our appropriation hearings were held. We could have then reduced that request another billion dollars if our Armed Forces did not need all of that requested equipment. Now, the Defense Department has stated to the other body that we cut it too deep. Then, of course, to transfer a billion dollars out of the defense program to the foreign military program would be equivalent to cutting our own defense that billion. Or, on the other hand, if the Secretary of Defense should transfer a billion dollars' worth of it, then next spring the Secretary of Defense could come in and ask for a supplemental appropriation of a billion dollars for our own defense needs to replace the billion dollars he has given away to this Mutual Security Program. Is there any control at all over the Secretary of Defense in making this decision?

Mr. VORYS. The gentleman will find that in the Mutual Security Act of 1951 there are provisions for what matters are subject to the control and jurisdiction of the Secretary of Defense, what matters are under the Mutual Security Director, and certain things are under the Secretary of State. This provision is exactly the provision that was in the law last year except that the words "subject to reimbursement" have been taken out.

The purpose was that since there was a reduction of about \$829,000,000 in military aid, and since we were told that all of the arms to be produced were exactly the same kind that we needed, and that this defense of Europe was part of our own defense, there was no reason why we should not make available, regardless of reimbursement, at least a billion dollars of end items that in an emergency could be sent to European forces to use rather than have a legal restriction on doing that, therefore require our men to do all the fighting in that emergency with this equipment.

Mr. SCRIVNER. If there is no remuneration from the foreign military funds that means another billion-dollar cut in the funds for equipment for our own troops, and a few billion for the foreign program. This language says nothing about any emergency at all. All this language on page 22 says is that the Secretary of Defense may furnish military assistance, and so forth.

Mr. VORYS. That is true.

Mr. SCRIVNER. So you are cutting the military supplies by a billion dollars if he takes that action?

Mr. VORYS. No.

Mr. SCRIVNER. Whereas if that had been done under the language in last year's bill there would have had to be a remuneration from your mutual secu-

rity funds, to replace that taken from the regular military funds.

Mr. VORYS. No. The purpose is that a cut, a reduction, should be made in the military program, the foreign program, but that at least a billion dollars would be made available under the provisions of the act we passed last year so that it could be available as a reserve for either our forces or those European forces.

Mr. SCRIVNER. Sure, but all you have done by that is to take off \$800,000,000 from these foreign military funds and take a billion dollars out of the 1953 military appropriations, and add it to the funds requested here.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

(On request of Mr. RICHARDS, and by unanimous consent, Mr. SCRIVNER was allowed to proceed for two additional minutes.)

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. SCRIVNER. I yield to the gentleman from South Carolina.

Mr. RICHARDS. As a matter of fact, the gentleman knows that the provision giving the Defense Secretary authority to transfer end items from the defense appropriation to this program is entirely permissive. It will add nothing to this bill and will most probably never be utilized.

Mr. SCRIVNER. If the power to transfer is not to be used why put it in this bill? Certainly it will be used if it is granted.

Mr. RICHARDS. So far as I am concerned, it does not have to be in there.

Mr. SCRIVNER. Why not take it out then, when I offer amendment for that purpose? Here is what I should like to point out: The Military Appropriation Committee has put in weeks and months listening to the Defense Department tell us what their actual money needs were for our own military forces. They were all in there telling us, "We are down to the rock-bottom dollar," but in no place or at no time did they tell us—they wanted funds to be able to transfer a billion dollars of supplies to the foreign military program.

Mr. RICHARDS. As a matter of fact, in existing legislation they have had authority to transfer that, but none has been transferred. This is nothing new.

Mr. SCRIVNER. Last year there was a reimbursement clause in here. If the Secretary of Defense did transfer items our military funds could be reimbursed out of foreign military aid funds.

Mr. RICHARDS. Last year—and if I am not correct the gentleman will correct me—the term was "with or without reimbursement" when the bill passed the House.

Mr. SCRIVNER. I understood the gentleman from Ohio to say "with reimbursement."

Mr. VORYS. We had to put the reimbursement provision in in conference, but the House always wanted to have it with or without reimbursement. Last year we had long hearings on this exception.

Mr. SCRIVNER. Might I ask one more question for information, and I

hope somebody will clear it up later? We have been told so many times that for every dollar we spend on these foreign military programs we are getting four dollars value received. That is pretty steep mathematics, and I hope somebody will give us a full explanation of that during the debate.

(Mr. SCRIVNER asked and was given permission to revise and extend his remarks.)

Mr. RICHARDS. Mr. Chairman, I move that the Committee do now rise. The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes, had come to no resolution thereon.

RECESS

The SPEAKER. The Chair declares the House in recess at this time subject to the call of the Chair.

Accordingly (at 11 o'clock and 45 minutes a. m.) the House stood in recess, subject to the call of the Chair.

JOINT MEETING OF THE HOUSE AND SENATE TO HEAR AN ADDRESS BY GEN. MATTHEW B. RIDGWAY

The SPEAKER of the House of Representatives presided.

At 12 o'clock and 20 minutes p. m. the Members were called to order by the Speaker.

The Doorkeeper announced the Vice President and the Members of the United States Senate.

The Senate, preceded by the Vice President and its Secretary and Sergeant at Arms, entered the Hall of the House of Representatives.

The VICE PRESIDENT took the chair at the right of the Speaker and the Members of the Senate took the seats reserved for them.

The SPEAKER. On the part of the House the Chair appoints as members of the committee to escort our distinguished visitor into the Chamber, the gentleman from Massachusetts, Mr. McCORMACK; the gentleman from Massachusetts, Mr. MARTIN; the gentleman from Louisiana, Mr. BROOKS; and the gentleman from Missouri, Mr. SHORT.

The VICE PRESIDENT. On the part of the Senate the Chair appoints as members of the committee of escort the Senator from Arizona, Mr. McFARLAND; the Senator from Texas, Mr. CONNALLY; the Senator from Texas, Mr. JOHNSON; the Senator from New Hampshire, Mr. BRIDGES; and the Senator from New Jersey, Mr. SMITH.

The Doorkeeper announced the Ambassadors, Ministers, and Chargés d'Affaires of foreign governments who entered the Hall of the House of Representatives and took the seats reserved for them.

The Doorkeeper announced the members of the President's Cabinet, who en-

tered the Hall of the House of Representatives and took the seats reserved for them.

At 12 o'clock and 20 minutes p. m. the Doorkeeper announced Gen. Matthew B. Ridgway.

General Ridgway, escorted by the committee of Senators and Representatives, entered the Hall of the House of Representatives and stood at the Clerk's desk. [Applause, the Members rising.]

The SPEAKER. Members of Congress, I have the great pleasure and the high privilege of presenting to you Gen. Matthew B. Ridgway. [Applause, the Members rising.]

ADDRESS OF GEN. MATTHEW B. RIDGWAY

General RIDGWAY. Mr. President, Mr. Speaker, distinguished Members of the Congress, to be here, before the Members of the Congress of my country, is the greatest honor. To the Senate and the House of Representatives from whence came the invitation, and to the President, who gave his sanction, I express my profound and respectful thanks. Absorbed as you are with a multitude of problems, domestic and foreign, I hesitate to trespass upon your crowded hours. However, having just returned to this country, after nearly a year and a half in the Far East, the last 13 months of which I served there as commander in chief, I feel you would wish me to report briefly on major problems encountered there, and to touch on a few of those matters which seem to me to be of substantial importance in our relations with the peoples of that region.

In outline, the matters I shall cover will be three: the conduct of military operations in Korea, the armistice negotiations, and our relations with the Japanese Government and its people. The first two pertain primarily to the military missions assigned me; the third, to my responsibilities as Supreme Commander for the Allied Powers, in which role, acting of course under the policy directives of superior authorities, I had over-all responsibility for all acts of the Japanese Government, as well as for the relations of all Americans and Allied personnel in Japan, both military and civilian, with the Japanese people.

I shall first discuss the conduct of military operations in Korea from Christmas of 1950, the day of my arrival in the Far East, to date.

Assuming command of the Eighth Army on December 26, 1950, I found but three of its seven United States divisions, and these badly depleted in strength, in the combat zone.

Three of the other four had been only recently evacuated from the Hungnam area and of these only the First Marine Division was again ashore in the southern tip of the peninsula. The Third and Seventh Divisions were still aboard ship, while the Second Division was reorganizing and re-equipping as a result of its severe battle losses in the far north.

On a 135-mile front only two of these were on the line of contact, the third in blocking position to the rear. The remainder of this extended front was cov-

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Evidently no quorum is present.

Mr. COOPER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll and the following Members failed to answer to their names:

[Roll No. 82]

Aandahl	Cary	Miller, Calif.
Albert	Gavin	Mitchell
Anderson, Calif.	Granger	Morris
Armstrong	Hall	Moulder
Bates, Ky.	Leonard W.	O'Brien, Mich.
Beckworth	Harrison, Nebr.	O'Brien, N. Y.
Betts	Hart	O'Toole
Bonner	Havener	Patterson
Boykin	Hays, Ohio	Poulson
Bramblett	Hebert	Powell
Bray	Herlong	Redden
Buffett	Hillings	Reece, Tenn.
Camp	Hoeven	Regan
Cannon	Holifield	Sabath
Carlyle	Hunter	St. George
Celler	Irving	Sasscer
Chatham	Jackson, Calif.	Scudder
Combs	Johnson	Secrest
Cooley	Jones	Sheppard
Crosser	Hamilton C.	Stockman
Cunningham	Jones	Tackett
Davis, Tenn.	Woodrow W.	Talle
Dawson	Kearney	Van Pelt
Deane	Kennedy	Vinson
D'Ewart	Kerr	Welch
Dingell	Kilburn	Werder
Dondero	King, Calif.	Wheeler
Doughton	Kirwan	Wickersham
Doyle	McKinnon	Wood, Ga.
Durham	Mack, Ill.	Woodruff
Engle	Magee	

regular military bill. In view of the fact that that amendment was discussed, I would like to tell you of the genesis of that amendment and exactly what it intends to do.

Last year, when this matter was before us I felt very strongly that military aid to Europe or to any other section of the world was entirely justifiable as a matter of United States defense and on no other grounds whatsoever; in other words, this program that is often called the foreign-aid program is an American defense program or else there is no justification for it.

That being the case, you find some extraordinary anomalies from the point of view of the division of costs under different bills. The regular defense appropriation bills have already made available to the Defense Department \$50,000,000,000 for end items that will be carried over into next year, and \$28,000,000,000 more for which we have passed appropriation bills in this Chamber. In other words, today, if the appropriation bill is approved by the Senate, as it probably will be, there are available in the form of end items, that is, guns, tanks, and planes, what they call military hardware, \$78,000,000,000 worth.

Mr. SCRIVNER. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Kansas.

Mr. SCRIVNER. May I point out to the gentleman that be that as it may, when these justifications were made to the Military Appropriations Committee there were no funds requested for this transfer to foreign military aid. The funds from which this transfer is to be made are what the military told us were absolutely necessary for the equipping, maintaining, and operating of a certain number of divisions and units that we anticipate having ourselves. They say now, before the Senate, that we have cut them too low. This transfer of end items would be equivalent to cutting another \$1,000,000,000 of hardware away from our own troops, robbing our troops to aid the foreign forces.

Mr. HERTER. I fully understand that situation, but nobody is going to persuade me that in the Military Establishment they will know the difference between \$72,000,000,000 and \$73,000,000,000 worth of this kind of hardware, particularly when they have been very late in the delivery of that hardware, and these appropriations are intended to spread right through until 1955, as the gentleman knows.

Mr. SCRIVNER. But here is the other situation. Let us concede that for a moment. This proposal simply gives the Secretary of Defense, who you now say cannot tell the difference between \$72,000,000,000 and \$73,000,000,000, authority to transfer \$1,000,000,000 worth of hardware to this foreign military program, which is equivalent to adding another \$1,000,000,000 to this bill. Then next spring the Secretary of Defense could come in and say, "Gentlemen, we transferred \$1,000,000,000 worth of hardware to the foreign military program so we now must have another \$1,000,000,000

to replace that hardware for our own troops."

Mr. HERTER. That may be so, but it seems to me that is up to the Military Affairs Committee, where I think this program should have been.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from South Carolina.

Mr. RICHARDS. If the gentleman from Massachusetts will permit me to say this, I believe he said a minute ago that they have end items in the amount of \$80,000,000,000 or \$90,000,000,000 worth. As a matter of fact, they did not have the end items the gentleman says they have on hand.

Mr. HERTER. No, the money is available to secure them.

Mr. RICHARDS. The money is there or they are in the pipeline?

Mr. HERTER. That is correct.

Mr. RICHARDS. The gentleman does not seek to add \$1,000,000,000 to this bill, but he seeks permissive authority for the Secretary of Defense, if he sees fit, to transfer this additional \$1,000,000,000.

Mr. HERTER. That is right. If this is an integral part of our defense program, the Secretary of Defense ought to have the right, if he wants to, to take \$1,000,000,000 from one program and transfer it to the other program, if he thinks it is in our own best interest to do so.

Mr. RICHARDS. May I say this, to absolve the chairman from any charge that he may be a party to a plan or anything like that to provide an additional \$1,000,000,000 in this bill. I wish to say to the House that I have no idea that they will ever get one single end item out of this money, because the authority to do that thing is already in the legislation; but if that is the idea, for the \$1,000,000,000 to come from the Defense Department, then I want to say that I have no idea of proposing to the House that this thing go through, the language of the gentleman from Massachusetts.

(Mr. HERTER (at the request of Mr. MAHON) was granted permission to proceed for 5 minutes additional.)

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I will be glad to yield to the gentleman from Texas.

Mr. MAHON. Is it the thought of the gentleman that this \$1,000,000,000 provided in this amendment for equipment would be for old stock or new stock coming off the line, or would there be any differential between the types of equipment?

Mr. HERTER. There is no differential whatever. The amendment as it is drafted allows the Secretary of Defense to take from any equipment that has been provided for under the military heads, such as he may desire to piece out this program. May I point out that except for one or two minesweepers that are already under construction, that are no longer under consideration, all the end items, whether tanks or planes or guns, are identically the same whether for this program, whether for the domestic program, whether for Indochina or Korea.

The SPEAKER. Three hundred and forty-one Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MUTUAL SECURITY ACT OF 1952

Mr. RICHARDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 7005, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose this morning, the Clerk had read through section 2. Are there any amendments to section 2?

Mr. HERTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, at the time of the recess there was a colloquy going on between the gentleman from Kansas and the chairman of the committee with respect to the amendment that appears in this bill which has been called the Herter amendment. It is an amendment which provides that the Secretary of Defense may in his judgment allocate to this program up to \$1,000,000,000 worth of end items whose manufacture has been provided for by the regular authorizations and appropriations in the

In your appropriation bills you have had items for foreign programs. You have had items for Korea. You have had items for Indochina. In your construction program money has been provided for construction in Europe which Americans are not going to use. It is a very messy way of appropriating for this program. I have felt the military items should all have been under one military bill, but as they are now scattered there ought to be at least \$1,000,000,000 out of the \$78,000,000,000 which the Secretary of Defense could transfer to this program if he sees fit to do so.

Mr. MAHON. I share the gentleman's views, that if this is not a national defense program for this country, there is no excuse for it, but let me point out that we are prolonging our defense build-up. We have the so-called stretch-out. Everyone in the Defense Establishment, including the President, the Commander in Chief—officials are proclaiming to the world that the House cuts, the Smith-Coudert amendment, and other cuts are going to disrupt the Defense Department, and they are not going to have the equipment they want and need. I do not want to tempt anybody to take away, by high-pressure methods or otherwise, essential items which our Defense Establishment is going to need. I wonder if Secretary of Defense Lovett has expressed his views on this amendment.

Mr. HERTER. Not that I know of, May I say one word further in regard to what the gentleman has said. The determining factor as to whether or not a plane or a tank or a gun goes to Europe is not the amount of money that is put into this bill. It is the degree of priority that the Defense Department gives to the European program. We could put a hundred billion dollars in this bill for new equipment, and it would not mean that a single thing would go to Europe if there is need for it in Korea or any higher priority area. That is, the Department of Defense determines where it shall go. It makes no difference what we write into this bill.

Mr. MAHON. This would come out of funds appropriated in a different bill, and for another purpose, and it seems to me a very doubtful procedure.

Mr. HERTER. What in effect the gentleman is saying is that with the \$78,000,000 of hardware, for which we have already appropriated money, not one red cent can be put into this program. I am saying that at least a billion dollars of that should be made available.

Mr. SCRIVNER. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Kansas.

Mr. SCRIVNER. If you have in this bill \$4,000,000,000 for hardware, it is money that has to be spent through the military. It is transferred from the Foreign Military Aid to the Army. The Army places the orders right along with our own orders, paying from funds appropriated to our Military Department. So what you are doing is saying the Army for Defense Department appropriations can buy a billion dollars worth

of military hardware, and give it to the foreign military program—free.

Mr. HERTER. No, no. That is not what the amendment says at all.

Mr. SCRIVNER. That will be the result of it.

Mr. HERTER. You cannot tell whether a tank comes from one line or another.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Minnesota.

Mr. JUDD. While this language is permissive, the fact is that such transfers as have been made have been in the other direction. Much more has gone from Mutual Security to our Armed Forces than the reverse. When we passed in October 1949 the first Mutual Defense Assistance Act to start making weapons for Europe, it proved a God-send to ourselves. Because 8 months later the Korean war broke out, and we took the arms being made for Europe and poured them into Korea. That is one major reason why we are behind in our shipments to Europe. So it does not follow that arms planned for our own troops will go to Europe under the amendment. It could go the other way.

Mr. HERTER. Primarily, the only stuff that has gone to Europe is stuff that has been declared excess.

Mr. JUDD. That is why a lot of troops in Europe are already trained and have nothing to fight with. The United States is farther behind in the development of this whole program than the European countries are.

Mr. HERTER. The gentleman is correct.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. DORN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, my only purpose in rising at this time is to say that many months ago I accepted an engagement to address the World Trade Club in Cincinnati, Ohio, tonight, and, therefore, I will not be here to vote against this entire appropriation as I certainly would do if I were here.

I would like to say that my distinguished colleague from South Carolina, a man whom we all love and admire, has done a wonderful job on this bill and I could not let this opportunity go by today without complimenting him on the great work he has done. I really hate to differ with him. However, I think all of us should be courageous about this bill and stand up and be counted. If you are really against it, vote against the entire appropriation, both economic and military. I am opposed to the military part of it, and I will tell you why.

Just north of Maastricht, in Holland, on January 1, 1945, I saw your American pilots in P-47 Thunderbolt planes shoot down, in 5 minutes, 13 German planes without losing one single plane of our own. One airplane today in the hands of an American, competently trained and equipped, is better than 25 planes sent abroad to some of our so-called friends and allies.

I think that dams built on the Missouri River, on the Ohio River, on the Savannah River, or anywhere else in this country, will do more good, thousands of miles from the nearest Russian base, than dams on the Rhone River within 5 or 6 minutes of Russian jet bombers.

I think that the development of tin, rubber, and aluminum in South America is more important to the security of this country and the entire free world than resources developed in Malaya, India, the Middle or Near East within a few miles of Russian and Red Chinese air bases. Yes, we have spent billions of dollars developing these resources which Russia, if she chooses, can take over. Yet we have spent only thousands developing the resources of South America, thousands of miles from Russian air bases which we can defend. It is just plain horse sense to develop those resources which are closer to us and which we can defend. Why build them up for Russia to take over? It has happened in the past. We must give more attention to the heart and core of the free world, North and South America.

We sent billions to China and the Reds are throwing it back at us in Korea.

I am going to vote against the economic provision, or, at least, I will be paired against it. I am sorry I cannot be here personally to vote. I am also going to vote against the military provision.

I warned this House in 1947 and 1948 when I voted against the Marshall plan, spoke all over the country against the Marshall plan, and campaigned as a candidate for the other body, that this money would not prevent war. I spoke on every stump in South Carolina against the Marshall plan in 1948. It defeated me that year, but I am proud to stand here today and repeat again that that money, as this leadership told us here on the floor of the House, did not prevent war. They said: Now, this is simply the last time. If you just pass this appropriation, this Marshall plan, there will be no war and the economic situation of France, Italy and these other countries will be alleviated.

What happened? We have spent billions of dollars. Yet they are in a worse economic condition today than ever before. We have not gained a single friend and have lost millions of traditional friends. We have unprecedented peacetime expenditures, yet we do not have real national defense and security. And we are in a war we either cannot or do not choose to win.

I plead with this House then to spend that money on a great Air Force, on a good Navy, and then we could protect the free world just as we did in the days of the Monroe Doctrine. The Monroe Doctrine did not cost the taxpayers of this country one single red penny.

We can have the same kind of forthright, clear-cut declaration today and enforce that policy by becoming strong ourselves with the money we are foolishly wasting throughout the world. These recipients of our aid, as happened in China, Czechoslovakia and many other countries, turn the product of our aid over to the Red masters in the Kremlin.

In the days of the Monroe Doctrine we just told the world that the status quo of South and Central America would be maintained and, if violated, there would be war with the United States. There was no war. We did not try to buy love with money. We did not try to buy friendship with money. And remember the prodigal son in the Bible. Where were his friends when his money gave out? Where will your country and my country be when our money gives out, when we go bankrupt and inflation destroys the economic well-being of this country? Where will our friends be?

Let us put this money, these billions of dollars, into something that will really count. And let us have a forthright leadership that will do like Teddy Roosevelt and tell the world where we stand. Yes, tread softly but carry that big stick in your own hands, not scattered throughout the world.

Mr. FULTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON: Page 14, line 9, strike out the period and insert " , but no part of such appropriation shall be used for providing Yugoslavia with jet planes for its separate military establishment as long as Yugoslavia is not a member of the North Atlantic Treaty Organization."

Mr. FULTON. Mr. Chairman, this is an amendment to keep the striking force of the United States air power within United States hands. If you will notice, this amendment simply restricts Yugoslavia from being given jet-type planes for its separate military establishment. It does not restrict under the Mutual Security Act the giving of other kinds of planes, propeller combat planes, to Yugoslavia, so that they can defend themselves. But here is a country that is under Communist dictatorship, and we must see no aggressive power placed in Communist hands at our taxpayers' expense. I have put this amendment in at the committee level and believe it should be adopted now. As a matter of fact, I was not going to put the amendment in in the open House, but I find on page 744 of the hearings of the Foreign Affairs Committee, Mr. Ribicoff presiding, this language:

Mrs. KELLY. The general is going to bring us the numbers of jet planes being sent to Yugoslavia.

Mr. RIBICOFF (presiding). Suppose the general goes ahead.

So now there is no doubt we have this problem. We have a country in Yugoslavia that will not come over to our side and will not expand democratic rights to any great extent. Yugoslavia is still continuing to socialize, to take over the farms, and forcibly collectivize. We have been trying to obtain a stop to collectivization in Yugoslavia through our United States representatives there. We have a country which is being aided as it is, but will under no form make any firm treaty arrangement with the United States or the Western Powers, and simply signs some sort of a contract agreement that it will defend itself. Still, Yugoslavia says that it will remain neutral as between the United States and Russia. We should retain in the

hands of the United States our jet striking force, because I do not want it out of our hands. We from the industrial areas in the United States of America know that it is our interceptor jets which are our greatest defense against any people coming in to bomb the United States. We do not have enough jet planes in the United States, let alone Korea.

May I refer, then, directly to Korea? Can any Member rise on the floor of this House and show to me that there are enough jet planes in Korea to protect our boys fighting the battles over there? The United States forces in Korea have the first priority on jet planes, and we all should agree they should be getting them. So, as long as there is a shortage of jet planes in Korea, which we all know will continue during the next year, and while these truce talks are bogging down and bogging along, let us protect the striking force and keep jet planes for ourselves and our own strategic uses.

I was very glad that the gentleman from South Carolina [Mr. DORN] spoke here on keeping the striking force of American air power either within our power or within our control. I agree with that thoroughly. There are countries that we are helping who have jet planes, who are in the North Atlantic Treaty Alliance, who agree to stand with us among the free democracies of the world. But here is a country that will not say that she will stand with the United States, and I, therefore, think, in order for Yugoslavia to come further in our direction, we at this time should put this amendment in the act which specifically says that there shall be no appropriation under this Mutual Security Act used to give jet planes for Yugoslavia's separate military establishment.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Georgia.

Mr. COX. I wonder if Yugoslavia has been invited to become a member. It would not be within her own right to secure admission, but was she invited?

Mr. FULTON. As far as I know there was no specific invitation, but in the meantime the United States has no treaty rights, nor substantial commitments from Yugoslavia, either. According to the report that was submitted by the Zablocki committee on a special mission to Germany, Yugoslavia, and other countries we should have agreement with Yugoslavia providing for a greater coordination of the policy of Belgrade with that of the west. There has been no formal invitation from the North Atlantic Treaty organization to Yugoslavia to join.

Mr. COX. The gentleman has been a very diligent student of this whole subject and I wish to applaud him for the work he has done.

Mr. FULTON. I thank the gentleman.

Mr. COX. I wonder if we can give these European countries credit for full faith, you understand, in an endeavor to unify and cooperate, and build up a force strong enough to resist Russian aggression so long as we refuse to give consideration to Spain. Why should not

Spain be treated as a member of the group and be permitted to participate in the endeavor to unify the whole world?

Mr. FULTON. I agree with the gentleman.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

(By unanimous consent, Mr. FULTON was allowed to proceed for three additional minutes.)

Mr. FULTON. The rights of the people in Yugoslavia are certainly suppressed, so that the people have few rights and no voice. It is a Communist dictatorship. Why should this country in any respect put any part of our jet fighting force into the hands of a Communist country under this program during the coming year, when we cannot take care of our own boys in Korea?

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from South Carolina.

Mr. RICHARDS. As a matter of fact, the gentleman was opposed to the original aid for Yugoslavia in any way, shape, or form.

Mr. FULTON. I had opposed the original aid to Yugoslavia as long as there were not certain conditions attached to protect the people of Yugoslavia, Greece, Trieste, and religious martyrs. As the gentleman will remember, I introduced an amendment that Yugoslavia would in return for aid first have to give assurances to return the Greek war orphans, to settle the Trieste question, to settle the Carinthian question, to grant religious liberty, to stop religious persecution, and to release people from jail that were being held there because they were members, ministers, and officials of either the Catholic or Protestant churches. It was a conditioned objection. I was willing to go along if Yugoslavia would simply grant those basic human rights, stop further collectivization, and eliminate threats of aggression.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from New York.

Mr. JAVITS. The gentleman has made a statement. I wonder if the gentleman realizes how important it is, and whether he has evidence to support it. The gentleman questioned whether our forces in Korea will be deprived of jet aircraft if this provision is not put into the bill. Has the gentleman any evidence that they have been so deprived or that there is any intention on the part of the Joint Chiefs of Staff, which has the right to allocate, that they will be so deprived?

Mr. FULTON. If the gentleman understood I had meant to make a charge, I would say "No," but there is no doubt in my mind that we do not have even enough jet planes to supply our own troops. I believe to this date, we have sent all jet planes our Defense Establishment can, to Korea. But no one says the number of United States jet planes in Korea is adequate. It is for the future that I do not want the priority for Korea in any way disturbed by

any aid going to people other than the North Atlantic Treaty countries by way of jet planes. This amendment will make sure of it.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. SMITH of Wisconsin. I would remind the gentleman that only a few weeks ago General Vandenberg admitted that we had lost air superiority in Korea.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Connecticut.

Mr. MORANO. I agree with the gentleman's amendment. Is it not true that Yugoslavia has not shown very good faith recently as to being willing to collaborate with the west as Yugoslavia should? Does not the gentleman think the entire problem and situation of Yugoslavia should be reexamined in relation to our assistance to that country?

Mr. FULTON. I certainly do. May I say this, that the position of Italy, with Yugoslavia being supplied with a jet plane striking force, and headed by a Communist dictatorship, will not be an enviable one. I do not believe the good citizens of Italy should have a jet plane striking force at their very door, in the exclusive control of a Communist dictator.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I can well sympathize with the complaint of the gentleman from Pennsylvania in view of his original position when the first Yugoslavia Aid Act came up here. I can well understand now his desire to give a slap at Yugoslavia. Maybe Tito merits it, maybe he does not, but the fact remains that long ago, in our own national interest, this Congress established the principle of aiding Yugoslavia. Top military people of this country have testified many times before the committees of this House that Yugoslavia's defense will be helpful to the European defense program.

If such an amendment is put into this bill it could do much harm to the defense program. Everybody knows that no jet planes will be sent to Yugoslavia unless our defense at home and the primary NATO defense in Europe can afford it.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. VORYS. We received testimony of the most secret kind on the military aid to be furnished in this vast bill. It was not printed in the RECORD because of obvious considerations of national security, that we should not let our enemies know what we were sending where, and how much. I regret very much that an amendment has been offered here which involves the disclosure of such information, and I would regret it very much if this House started to attempt to dictate the type of strategy that should be used in his complex and grim question that faces us in this world. We have to trust somebody. We have to trust your committee. The military services have to trust the committee to tell them what is

going on and what they intend, with the hope that they will not reveal it. I regret that this amendment involves the revelation of such information.

Mr. RICHARDS. Mr. Chairman, I want to thank the gentleman from Ohio for his observation, and I would like to say that it would be just as harmful to tell the world, and particularly Mr. Stalin, that we are not going to send any jet airplanes to Yugoslavia. We do not want to tell him affirmatively and neither do we want to say it to him negatively.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. FULTON. I had stated at the beginning of my talk that I had intended not to offer the amendment. But, I noticed the Defense Department on page 744 of our hearings made this statement.

Mr. RICHARDS. Is the gentleman going to discuss some secret testimony of the Defense Department?

Mr. FULTON. No, it is testimony which was given right out in the open hearings.

The testimony is as follows:

Mrs. KELLY. The general is going to bring us the numbers of jet planes being sent to Yugoslavia.

If that is not open for everybody to see, then they can turn to page 744 of the hearings, and I have not disclosed the numbers, amounts or times, and have specifically limited myself to the negative of the statement appearing in the pages in the hearings on page 744.

Mr. RICHARDS. The fact remains the gentleman does not approve of sending one jet plane to Yugoslavia.

Mr. FULTON. As long as the jet planes are under joint control with the United States troops and run by United States boys, it is perfectly all right. My amendment specifically restricts only jet planes for their separate military establishment where we have no control. As the gentleman well knows, our military advisory group over there is not in direct contact. They are only under the United States Embassy.

The CHAIRMAN. The time of the gentleman has expired.

Mrs. KELLY of New York. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mrs. KELLY of New York as a substitute for the amendment offered by Mr. FULTON: On page 14, line 9, after the period insert "none of the funds appropriated pursuant to this title shall be made available to Yugoslavia."

Mrs. KELLY of New York. Mr. Chairman, I find it necessary to offer this substitute amendment for the amendment offered by the gentleman from Pennsylvania [Mr. FULTON] because of the basic principle involved. As we all know, foreign policy has objectives which have far-reaching and tremendous importance. In this field, there can be no wishful thinking on what is hoped for in the unforeseen future. Simply stated, our foreign policy seeks to achieve a lasting peace and to spread our ideals of individual liberty and the principles of democracy to all peoples of the world. Americans believe

in these objectives even though their approach to them may differ. Therefore, there is a choice in the means of attaining them. But, the means should not disregard value. Our foreign policy must be consistent with the basic beliefs of our Nation. I do not believe that a government can lead a double life. No government can use any method, which by its objectives destroys the value it seeks to achieve and to uphold. The United States, in its foreign policy aims to unite the nations of the free world individually and collectively in defense against Marxian communism, the recognized enemy of the free world. To the members of the Foreign Affairs Subcommittee Study Mission, of which I was fortunate to be a member, Marshal Tito admitted that he is a Marxian Communist. He stated that he would continue the collectivization program over and above the protests of the peasant farmers who represent 85 percent of the population of Yugoslavia. I do not trust Marxian communism. Marxian communism is communism whether it emanates from Belgrade or whether it emanates from Moscow. It denies the right of the individual his social, civil, and spiritual rights. It seeks to destroy private enterprise, individual initiative and leads only to the enslavement of man. Let me call your attention to several quotations from Marshal Tito. In speaking to the Yugoslav Students' Union recently, he said—and I quote:

It is the purpose of the universities to build real Communist Party members. It is better to have fewer Communists if they are better Communists. To achieve the aim—

He continued—

we have determined to return to the old practice.

What does Marshal Tito mean "by returning to the old practices?" Does he mean ruthless and violent purging of the party membership, and intensified persecution of religion? He stated—and again I quote:

We cannot allow our youth to be poisoned under the pretext of religious rites, and some of our youth has fallen under the influence of religion.

Marshal Tito explained to the students that Yugoslavia had—and these are his words—"received in various forms \$1,000,000,000 worth of foreign aid. All this," he said, "was obtained from the United States and the western democracies, without offending against any precepts of Marxism or Leninism." He emphasized the fact that no concession was given to the west in return for their aid.

Is this the type of government we want to support and strengthen? I would like to bring the attention of the membership of this House to a statement on page 745 of the hearings:

United States aid is used to provide direct support to the defense effort of Yugoslavia through the provision of goods and materials used by the military. Indirect support is given by maintaining minimum civilian consumption standards and encouraging the development of a broader base for the economy as a whole.

What is this broader base that the United States aid is directly encourag-

ing? Is it the system of Marxian communism? I believe it is. The United States, striving for peace among the community of nations, is beset by powerful enemies. It is inconceivable that we here on this floor today are considering further assistance to a nation which fosters materialistic communism and the stamping out of the very ideals for which our Nation has given its all? Are we opposed merely to Soviet imperialism or are we, as a free nation, opposed to the tyranny of ideological communism? I oppose both. I believe in certain absolutes; in a body of unchanging principles, in a teaching and way of life which were true yesterday, true today, and will be true tomorrow.

I urge you to support my substitute amendment.

Mr. RICHARDS. Mr. Chairman, I hope the House will turn down the substitute amendment also. The gentleman from New York has offered a substitute which provides a meat-ax approach. She does not want to send anything at all to Yugoslavia. The gentleman from Pennsylvania [Mr. FULTON] would let them have munitions, Thunderbolts, artillery, or something else, but not jet planes, and I think both amendments are bad. The committee has carefully considered both approaches.

Before I yield back the remainder of my time, I would like to ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. HOFFMAN of Michigan. Reserving the right to object, how much time will that give each of us?

Mr. RICHARDS. Does the gentleman want to speak on this particular amendment?

Mr. HOFFMAN of Michigan. Yes.

Mr. RICHARDS. Mr. Chairman, I will amend my unanimous-consent request to make it 30 minutes. I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Georgia.

Mr. COX. I would like to ask the gentleman if the adoption of either of the pending amendments would not have the effect of canceling out the beneficial effects resulting from what we have already done for Yugoslavia.

Mr. RICHARDS. I think so. Yugoslavia is very much in the European picture of mutual defense, and has been since the Eighty-first Congress. The adoption of either amendment would certainly have the harmful effect the gentleman suggests. It would certainly be a great slap in the face and a reversal of what the House has already done on three different occasions.

Mr. WILLIAMS of Mississippi. Tell us what beneficial effects we have got out of it.

Mr. RICHARDS. That has been debated a good many times here; I would rather not go further into that at this time.

The CHAIRMAN. The gentleman from Michigan [Mr. CRAWFORD] is recognized.

FULTON AMENDMENT

Mr. CRAWFORD. Mr. Chairman, what has been proposed here by the amendment and the substitute shows how extremely difficult it is to administer programs of this kind to the satisfaction of anybody.

I think anyone who wants to use any reasonable intelligence whatsoever can refer to the official and the unofficial statements made by those who are charged with the Korean job and be forced to the conclusion that our fellows over there have been short of jet fighting equipment.

I am for the amendment offered by the gentleman from Pennsylvania. I have no hatreds or animosities against Yugoslavia as such. I have not been in on any of the secret information that has been passed out. I think the gentleman's amendment is good, sound, constructive, protection for the United States. I shall support it and vote against the substitute amendment.

Mr. HOFFMAN of Michigan. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. Is a preferential motion in order now?

The CHAIRMAN. It would be in order.

Mr. HOFFMAN of Michigan. I offer a preferential motion.

The CHAIRMAN. The Chair was about to recognize the gentleman for 2½ minutes under the limitation of debate.

Mr. HOFFMAN of Michigan. I still offer my motion.

The CHAIRMAN. Does the gentleman want this time in addition?

Mr. HOFFMAN of Michigan. I want 5 minutes.

The CHAIRMAN. The Clerk will report the motion.

The Clerk read as follows:

Mr. HOFFMAN of Michigan moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

The CHAIRMAN. The gentleman from Michigan is recognized for 5 minutes in support of his motion.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, the motion is offered in good faith.

I go along with the gentleman from North Carolina [Mr. DORN] and will vote against the bill for the reasons that he advanced.

Mr. SIMPSON of Pennsylvania. It is South Carolina.

Mr. HOFFMAN of Michigan. Either Carolina is good enough for that kind

of motion; either would be proud of the gentleman, the wrong State to be credited with his distinguished record.

Certainly it was interesting, instructive, and encouraging to hear our good colleague from Pennsylvania join in and say that he would go along with those who for so long have opposed the pouring of billions down a rat hole on foreign ground even though he will only admit a partial change of heart.

I heard a long time ago, or read a statement to the effect, that the mills of the gods grind slowly, but they grind exceedingly small.

Experience, the upper and the nether millstones, has ground out the fact of which more are daily becoming cognizant that we cannot continue indefinitely to send money unlimited in amount and men unlimited in number abroad without destroying the welfare of our people, endangering the security of our Nation. As the majority leader the gentleman from Massachusetts [Mr. McCORMACK] so accurately said one day, you cannot trust the Communists any where any time.

I gather that the amendment offered by our colleague from Pennsylvania was inspired by that thought, that he is convinced that we cannot trust the government of Yugoslavia because of the communistic influence which there prevails.

Then I learned from our colleague from Ohio [Mr. VORHS] of our Committee on Foreign Affairs, that if the House is to do anything about the danger which we are told confronts this country of ours it would have to trust, depend upon, follow without question the advice of the Committee on Foreign Affairs. That committee in its recommendations is dependent upon, must trust, and follow the military leadership which, in effect, during the past two administrations has been under the thumb of the President. And the President and the military folks have got to depend on Secretary Acheson, and his associates—one of whom was Hiss.

And Acheson and his advisors have been listening to those who follow a policy of appeasement of the Communists.

Permit a restatement.

The House must trust the Committee on Foreign Affairs, which must trust President Truman and the Joint Chiefs of Staff, all of whom must trust Secretary Acheson, who has trusted the Communists, although they, in turn, trust no one—not even God.

Our silver coins carry the legend "In God we trust." But the Communists place no trust in God, for their creed is that there is no God, religion is a fraud, priests and ministers are hypocrites.

So, where are we now? Where do we go from here?

Should we not turn our backs on a foreign policy which to date has served only the purpose of the Communists; make our objective the welfare of our people, the security of our Republic; place our trust in God and, by the conservation of our resources and our manpower, build adequate Armed Forces on a

line of defense which we can hold without sacrificing either the liberty of our people or our sovereignty as a nation?

Although I shall vote for the adoption of the pending amendment, if it be defeated it is my purpose to support both the Fulton amendment and the Kelly substitute. Then, whether they be adopted or rejected, to vote against the bill on final passage.

Our colleague from New York [Mrs. KELLY] offers an amendment which would deny any aid carried in this bill to Yugoslavia. Her amendment to or substitute for the Fulton amendment is evidently offered because she does not trust the leadership of that country.

Nor do I trust the leadership there nor place any faith whatsoever in the promise of any Communist anywhere.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. Sorry; I cannot.

Our colleague from New York [Mrs. KELLY] talks about a free world. But, for the last 15 years her people have not been able to get a mouthful of food into New York except it came in by sea, unless tribute was paid to Dan Tobin's Teamsters' Union. If it came in by sea that tribute was paid to the longshoremen. Why talk about freedom and liberty in other lands? I have heard about a free people and free nations until I am sick and tired of the words—because I know that today we have here an administration which goes along with the doctrine that here in America, supposedly free, no man can work to support his wife, his children or himself until he has paid tribute to an organization which in return votes for that administration and its candidates come election day.

Are we a free people? No! Not for the last 15 years to my personal knowledge has a man been free to work as an employee until he submitted to the will of a "boss"—until he joined a union.

When I wanted to send some products of my farm to Detroit I learned I would have had to pay \$25 for every man on a truck to bring it into the city where the farm produce might be used to feed the people of Detroit. I did not send it in. I sold it outside. As long as the people in the cities vote as they do and permit the things that they do permit to continue, I see no reason why farmers or people outside should pay that tribute to any one or why when here in America, in our own country, this land of the free and the home of the brave as in former years it was, we now knuckle down and submit to domination by any group.

For 15 years or more, the people of the city of New York and of Brooklyn, I might add, have not been free.

Representatives from those cities and from others serving here in Congress have without effective effort forced their people, their constituents, the folks who elected them and sent them here, to submit to what one Justice of the United States Supreme Court described as "highway robbery."

I have listened to the sobbing and the moaning of those who so often cry out in horror because of the hardships im-

posed upon the people of other lands; because of our failure to go along with their efforts to take hard-earned dollars from our taxpayers, spend them to give a greater degree of liberty, a higher standard of living, to people in other lands.

But never have I heard nor witnessed a concerted, determined effort on the part of the Representatives of the city of New York to free the people of that city from the domination and tribute-collecting activities of Dan Tobin's teamsters union.

The word "democracy" is a mouthful, but insofar as it is applied to the people of New York, it is a mockery when they cannot eat until food—yes; merchandise of any kind coming in by truck—has had added to its cost a sum named by the teamsters union and paid to enrich the coffers of that organization, extend the power of its officers.

It is long past time that we begin to free our own people from those who oppress them, permit them to work but only if and after they have paid the tribute demanded by the union officials.

It is about time that we conserve our resources, whether they be money, arms, or men for our own defense and our own protection instead of sending everything abroad, playing into the hands of Stalin and the Communists by planning and contributing to our own economic ruin. Keep on a little while longer with the present program and we will not only be unable to extend aid to those abroad but we will not be able to defend ourselves.

I shall vote against this bill and I hope that all Members who have the same courage as the gentleman from South Carolina and a few others will do likewise.

The CHAIRMAN. The question is on the motion offered by the gentleman from Michigan [Mr. HOFFMAN].

The question was taken; and on a division (demanded by Mr. Gross) there were—ayes 29, noes 89.

So the motion was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, there are two questions before us, one, shall we ship any jet planes to Yugoslavia even if we intend to ship any; and, second, shall we terminate the whole Yugoslav program, which is the amendment of my colleague the gentlewoman from New York [Mrs. KELLY].

On the first question, if we are going to start to be armchair generals in this House we are going to make ourselves look very foolish. We can go from deciding about jet planes to armor, to guided missiles, to every type of aircraft and every type of vehicle and to every type of units until we would be lost in a morass of our own creation. Obviously the only proposition which should be discussed is whether or not we should continue with the Yugoslav aid program at all. On that issue I think that the evidence is distinctly that we should. First and foremost, we should continue because we have adopted a calculated policy in which we made a very large investment in world prestige and money,

and we are given no reason whatever—that was not the reason at the time we adopted the policy—for abandoning it now. I can think of nothing which would discourage other Soviet satellites more than cutting off in midstream aid to the one satellite, Yugoslavia, which has defected from the Communist bloc. On the contrary, I think it has been demonstrated to us that the defection is real, is sticking, and will be made to stick, that it is a real and effective precedent.

Let me make another very practical point. The exports from Yugoslavia to the United States of a highly strategic metal, lead, have increased sevenfold since Tito's defection a few years ago. I think no reasonable explanation has been given whatever for abandoning the major policy which we undertook in a calculated and deliberate way, because we had to fight fire with fire. There is no justification for us not to take advantage of the 32 divisions in being which Yugoslavia has—right now about the toughest fighting force in Europe outside of the Soviet bloc—when there is every reason to count these divisions on our side or, at the very least, of being neutralized in terms of not being a threat to the free world and ready to defend their own territory.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. With the arms being sent to Yugoslavia, and the ordinary propeller planes being sent there for their defense, why then should we give them a whole striking force of jet airplanes?

Mr. JAVITS. Because the gentleman has not told us whether it is going to be 1 jet plane for experimental purposes, or 20 for a squadron, nor the strategy involved in that in support of our own forces, or whether the types are in any way connected with our own needed designs. I say we cannot pretend to do the military planning here but we can properly decide the policy.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, I do not have the time to address myself to the original proposition, the Fulton amendment. I think there is much merit to the proposal that we should try to determine what we are going to give each group of nations, because we certainly have given many nations all over the world things that they had no more use for than we have for a flea circus here in the House of Representatives. We have given people all manner of things they could not use at all. We have sent tractors and combines to people who needed mules and plows. We have sent jet planes to people who needed trucks. We should decide what we are going to give to these people. We should decide to give them only what they can use and use them in a way that will be helpful to the United States.

We should not give any nation jet airplanes or anything else just for prestige. We have provided airplanes for too many

little countries just to let some officers show off.

Since we are not making these decisions, however, I can see no justification for picking out Yugoslavia and deciding here that we should not send her any certain kind of aid; and surely we should not decide here with 30 minutes' debate that we will give Yugoslavia no aid, while we continue it for other countries. I do not approve the form of the Yugoslavian Government; I do not have any confidence in their attachment to democracy; I do not have any confidence in their desire to help the west. I think those people, like all people, are going to look after their own interest. Tito and the people of Yugoslavia will be with us as long as it is to their advantage. They are not going to be with us just because they like us, and we cannot buy their support, but they are on our side now. I do not propose to question why. On the other hand, I propose to try to make the fact that they are on our side as helpful as possible. I do not propose to single them out for insults, nor do I propose to insist that they must have the kind of government or society I would want, before I will let them join with us in a stand against Russia. They want their own way, and they are willing to fight to protect their own country.

Yugoslavia has the largest army in Europe this side of the iron curtain. I want it on our side if possible. If it does not fight with us, I still do not want it to fight on the side of the bear. If it never fired a shot, if it never put a plane in the air, the very existence of the 33 divisions of the Yugoslavian Army would be the greatest assistance that we could have in all Europe. If we can keep that army from lining up with the Russians and tie down a Russian Army equal to the size of the Yugoslavian Army, we will have gained more in effective military manpower than we can gain by all the aid we can give to the rest of the nations of Western Europe. Yugoslavia means more to us, with the army that it has today; Yugoslavia can be of greater military help to us than many of the nations many times as large in population and in wealth. Let us do the one and only thing we can do at this time to keep on our side the one and only nation that is in a position to help us tie down our enemy.

Yugoslavia's position on the Russian flank certainly would tie down a large Russian force in event of Russian aggression in Western Europe. If the aggression were directed toward the Mediterranean, or the Middle East, this same army would be on the other Russian flank. I think it is worth our while to see that this army has enough equipment to pose a serious threat on either flank of the Russians. To do that we must defeat the Kelly amendment. I think it is worth our while to refrain from gratuitously insulting the Yugoslav Government and people by singling them out for less favorable treatment than other countries. To do that we must defeat the Fulton amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. Flood].

Mr. FLOOD. I do not know whether we need a wheelbarrow in the House, but there are occasions when we need a shovel as well as a wheelbarrow once in a while, especially as in the arguments we have been hearing all day against passage of this bill.

We heard this great General Ridgway just a couple of hours ago in this very Hall describe to us that now we have Japan as a great ally. I heard here several years ago, during the war, many of my colleagues who are now attacking the question of Yugoslavia and this entire bill making the same attack against Japan and the evil yellow race of the Pacific, day after day, during the war. I heard many of the same colleagues attack Germany, and now we are wooing them day and night, Germany and Japan, and two of our greatest allies, we hope, will be Japan and Germany.

I hold no brief for Tito. You have heard my stand on that subject, time and time again. But let me tell you this, Mr. Chairman, the Achilles' heel of Stalinism, the Achilles' heel of that kind of communism, is Titoism. They are not afraid in Russia of the United States or the atom bomb or all your troops and planes, but they are afraid, though, of one thing. They are afraid in Russia, the one thing Bolshevistic, atheistic, Communist Russia is afraid of is Titoism, Tito, who has preached against and destroyed the infallibility of the Bolshevistic, Politburo, atheistic communism as it exists in Muscovite Russia. That is what they are afraid of. That is the thing that will destroy them. This fellow Tito destroyed the sacred cow of the Moscow Reds, their doctrine of infallibility—here was a deviationist who got away with it—that scares Moscow to death.

In Czechoslovakia today Gottwald is wavering, and Czechoslovakia, we hope and pray, is ready to go. So is Roman Catholic, brave, patriotic Poland.

Now, today, you want to slam the door in the face of this aid to those who break away from Moscow. He may be a devil in sheep's clothing, I do not know. I do not trust him any more than you do. But at least so far he is our devil. It is a sign to the satellites that we will guarantee aid to all nations who join our cause as against Soviet communism and as much as we in America deplore the godless philosophy of communism Yugoslav or Russian or Chinese or any other kind.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. Judd].

Mr. JUDD. Mr. Chairman, why is this bill before us? Why is the Congress of the United States appropriating somewhere between sixty and seventy billion dollars for the armed forces of ourselves and other countries? There is only one reason. We are confronted with a mortal threat to our survival. That threat is the Soviet Union and those satellite countries that it is able to control.

How can we overcome that threat? That is the most important business before our country. Everything here at home depends on whether we can suc-

cessfully overcome that threat. How can we do it? There are two ways. One is to build up our own military strength until we have overwhelming superiority, if that is possible; but everyone here knows what that would cost us in money and reduced standards of living and loss of basic freedoms to live our lives as we please. The other way is to weaken the enemy. The only two real blows the Kremlin has ever had since it first came to power were the defeat Chiang Kai-shek gave the Chinese Reds in 1927, a defeat which it took them over 20 years and a Japanese invasion to retrieve, and the defection of Tito. He did not defect because we were being nice to him or bribing him or appeasing him, for we were being tough with him at the very moment he defected. He broke with the Kremlin in order to save his own neck and his power. Whatever his reasons, his action gravely weakened our major enemy and thereby helped us.

Tito is not to be considered a friend of the United States; certainly he is not a believer in democracy or in favor of our way of life or freedom for his own people. But, whatever Tito may be to his own people, he is not a threat to the security of the United States and the Kremlin is. He has more divisions lined up against the Kremlin today than the total of all the other countries to which we are giving aid in Western Europe. The more Soviet divisions Tito ties down with his forces, the less danger there is to the rest of Europe and to our own troops there.

I do not like a lot of things that we are doing today. But when my country is confronted with a mortal enemy, the decision becomes very simple. I must oppose whatever assists that enemy of my country, and I must assist, in a practical way, whatever opposes that enemy. Therefore, it seems to me we have to vote against these amendments which would weaken a force that is opposing our mortal enemy.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. Kersten].

Mr. KERSTEN of Wisconsin. Mr. Chairman, I think both of these amendments open up a problem that has lurked in the background of this entire issue of our fight against Soviet Russia in her aggression against the entire civilized world. We have been groping for an adequate policy to cope with this very strong ideological threat that emanates from Moscow, and it is, as the gentleman from New York pointed out, an ideological threat. Our policy in this bill to a very large extent has been one of almost pure expediency. We can never win, I think, in a contest of this kind against an ideological threat, the kind of a threat that strikes and moves men's hearts and touches their souls and influences their minds—we cannot cope with that with pure expediency. Two bandits have fallen out. The small one has defied the larger one. Both of these bandits subscribe to Marxism. Both of these Marxist regimes—both of these ideologies, both the Tito ideology and the Stalin ideology denies all the things that we in the civilized world believe in.

I think we must oppose the Marxist ideology with the superior ideology of our Judeo-Christian civilization. The gentleman spoke of the number of divisions in Yugoslavia, and those divisions are based upon the Yugoslav people for whom we should have, and do have, an affection. But, do those people without the concentration camps and without the clubs and whips of the Tito regime—do they really, and would they really, support Tito? If the battle flags do get into the field of conflict, would those divisions follow a nation or a leadership that is purely one of expediency? I think we should examine this policy and what aid we do give the Tito regime should definitely be on conditions that recognize that we do stand for a principle, and that we are not basing our policy purely on expediency.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. KERSTEN of Wisconsin. I yield.

Mr. MORANO. Does not the gentleman agree with me that some of those divisions are used to control a very big underground which is ready to overthrow Tito?

Mr. KERSTEN of Wisconsin. I absolutely agree with the gentleman, and our affection and our hand of friendship and our gesture should be toward the Yugoslav people, as it should be toward the people of the other satellite nations behind the iron curtain.

Mr. FULTON. May I say I agree with the gentleman thoroughly.

Mr. KERSTEN of Wisconsin. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. Chairman I have followed the debate on the Yugoslav amendments with a great deal of interest. I recall when Yugoslavia was first included in any assistance rendered by this country, and I recall at that time the difficulty we had in bringing ourselves to the point where we could approve of that assistance. However, on the basis of evidence which has been presented to our committee for the past 2 or 3 years by such outstanding authorities as American Ambassador to Belgrade, George Allen, and by the agricultural attaché, John Haggerty, as well as by officials of the Defense Department, it seems to me what we are doing is in effect keeping in being something like 33 Yugoslav divisions.

Thirty-three Yugoslav divisions, which form a flank on one end of the strongest line in Europe today. That line extends from Yugoslavia down through Greece and into Turkey. It is a bulwark against the spread of active Soviet aggression. It is the strongest link by far in the chain comprising our area of defense in that part of the world. No one, of course, believes that Tito is anything but a Communist, but Tito has no other place to go. I recall, from personal observation at the U. N., the intense bitterness between the Soviet and satellite delegates on the one hand and the Yugoslavs on the other. What we are doing is trying to keep 33 anti-Kremlin divisions in

being, trying to set up an example, if you please, as someone has so aptly put it, to other satellite countries in the hope that they, too, will break away and thereby weaken the strength which Russian communism has in captive countries throughout the world today.

We have a military mission in Belgrade under the command of General Harmony. General Harmony for some years was the chief military attaché in Italy. He has under his control something like 30 or 40 personnel. If my understanding is correct, they have a chance to go to all parts of Yugoslavia to inspect the use to which American equipment is being put, and thereby we can keep a pretty close check on what we are sending to those people. There is no question but that in case of an emergency the people of Yugoslavia will fight. All anyone in this Chamber has to do is to go back to those dark days of 1939, when Hitler did invade the Balkans. Among those who stood up against him were the people of Yugoslavia. This is an investment in the defense of America which, in my opinion, is the real justification for this bill.

The CHAIRMAN. The time of the gentleman from Montana has expired.

The gentleman from South Carolina [Mr. RICHARDS] is recognized.

Mr. RICHARDS. Mr. Chairman, I do hope that both the substitute amendment offered by the gentleman from New York and the amendment offered by the gentleman from Pennsylvania [Mr. FULTON] will be voted down.

As the gentleman from New York said, of all nations, this is the only one that has broken loose from Russia. It would be discouraging to other peoples whom we are trying to get to break loose from the iniquitous Soviet regime if we pass any such amendment as those offered today.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

The question is on the substitute amendment offered by the gentleman from New York [Mrs. KELLY].

The substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Pennsylvania [Mr. FULTON].

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 31, noes 86.

So the amendment was rejected.

The Clerk read as follows:

SEC. 3. Title I of the Mutual Security Act of 1951 is amended as follows:

(a) In paragraph 101 (a) (1), insert “, for Spain,” after “parties to the North Atlantic Treaty.”

(b) At the end of paragraph 101 (a) (1) add the following new sentence: “There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$3,316,000,000, for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) to countries eligible for assistance under this paragraph; and in addition balances of any appropriations heretofore made pursuant to this paragraph unobligated as of June 30, 1952, or subsequently

released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.”

(c) At the end of paragraph 101 (a) (2) add the following new sentence: “There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$1,637,300,000, to carry out the purposes and provisions of this paragraph; and in addition balances of appropriations heretofore made pursuant to this paragraph unobligated as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.”

(d) Add the following new subsection:

“(c) Not less than \$25,000,000 of the funds made available under authority of subsections (a) and (b) of this section shall be used for economic, technical, and military assistance to Spain in accordance with the provisions of this act. Unexpended balances of appropriations made available for assistance to Spain pursuant to this section by the act of October 31, 1951 (Public Law 249, 82d Cong.), are authorized to be continued available until June 30, 1953.”

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS: Page 15, line 7, strike out “\$1,637,300,000” and insert “\$1,022,000,000.”

Mr. VORYS. Mr. Chairman, this amendment would reduce the economic aid to exactly the amount we furnished under title I to Western Europe last year. It would cut the bill from \$1,637,300,000 to \$1,022,000,000, a reduction of \$615,300,000.

If this amendment is adopted here is the amount of economic aid and defense support that will be available to Western Europe:

Unexpended balance, \$828,200,000.

United States military expenditures, \$1,052,000,000.

H. R. 7005, this amendment, \$1,022,000,000; a total of \$2,902,200,000.

Then add to that \$1,000,000,000 for offshore purchases which this bill requires and which will necessitate the spending of money in Western Europe, and, therefore, there will be economic aid, and if you add 10 percent of the new total of matériel and economic items in title I as is provided by law you add \$433,800,000. That makes total possible availabilities for economic aid and defense support to Europe, \$4,336,000,000.

While it is said these amounts have been considered by the executive branch in the figures they brought to us, I want to point out how deceptively this is presented. For instance, on page 40 of the committee report you will find a diagram or chart saying:

Most of the funds needed to finance the 1952-53 program in Europe will be borne by Western Europe.

Then, if you try to find out what we furnish you would see defense support, \$1,400,000,000; then, for offshore purchases, \$1,000,000,000; that makes \$2,400,000,000 as all we are going to furnish. As a matter of fact they do not say anything in that chart about the

\$4,336,000,000 that would be available if my amendment is adopted.

I helped bring the Marshall plan to this floor 4 years ago. I think it was a success in recovery for Europe. It was a success in preventing infiltration of communism in Western Europe to date. The biggest fight I had was to preserve the 4-year period. I told this House that the Marshall plan was going to end on June 30, 1952. I want to see that happen; I want to see that what we furnish from now on will be actually defense support and not merely recovery money, balance-of-payments money. That is why I urge adoption of my amendment.

You will remember there was no promise made that we would furnish any such amount. If you will look at page 5743 of yesterday's RECORD you will see where I brought out certain information in the hearings. I asked Mr. Harlan Cleveland, Assistant MSA Director for Europe:

Did we promise \$1,400,000,000 defense support at Lisbon?

Mr. CLEVELAND. No, sir; we did not promise any.

I also asked Mr. Cleveland:

In any case, you are sure that nobody on behalf of the United States Government has promised \$1,400,000,000 defense support to anybody. Is that right?

Mr. CLEVELAND. I am sure of that.

So we are justified, it seems to me, in cutting this unpromised money back to the amount we furnished last year for the Marshall plan. When I was in Paris with the U. N. I noted the feeling of other areas of the world when they see us pouring into Western Europe, which has the highest standard of living of any area on earth except our own, this great amount of money, when they see us pouring in this lopsided economic aid there.

I hope, therefore, that my amendment will be adopted merely reducing our economic or defense support to what we gave last year.

Mr. RIBICOFF. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Ohio [Mr. VORYS].

Mr. Chairman, there is one fact that seems to be running through this entire debate. It is the desire of the Members of this House to see to it that Europe makes as much of a contribution toward its own defense as possible. The gentleman from Ohio tells you that the overall proposal for NATO was \$17,700,000,000. These figures were decided on in Lisbon to finance 50 divisions during the year 1952.

Out of that \$17,700,000,000 there was assigned to Europe the duty to provide 13.9 of defense expenditures. Now, in order for Europe to provide 13.9 defense expenditures, it becomes necessary to have this defense-support item of \$1,637,000,000.

In the event this defense-support item were contributed by the United States it would mean an over-all total expenditure by Europe for defense in the sum of \$13,949,000,000. Without the defense-support item Europe would only be able to provide \$10,620,000,000.

Mr. Chairman, the House should understand, and I tried to explain this yesterday, that you cannot separate the economic and military factors of a nation's economy. They are indeed a part of the same ball of wax. Any nation, whether it be France, Turkey, England, or Italy, must eat; it must have clothing; and in order to eat it must import wheat; and in order to have clothing it must import cotton from the United States of America. Before these military expenditures were made necessary these European countries were enabled to produce for the export market and earn dollars, but as soon as you take out of their civilian pursuits, items for tanks, guns, and planes a different situation arises.

Let me read what the European countries will produce with the thirteen and nine-tenths billion: aircraft, artillery, combat vehicles, ammunition and explosives, electronics, weapons and small arms, engineering, transport ships and harbor craft. When you divert a nation's domestic and civilian economy to military items you divert their ability to earn exchange. If they cannot earn exchange they are unable to use that money to import the foodstuffs to feed that nation. What the gentleman from Ohio would really do, if you adopt his amendment, would be to cut definitely the European contribution to this defense expenditure and in its stead the United States would find itself burdened with additional dollars and additional goods to make up for the production we would lose. The best investment that we can make in this over-all program is to make this defense support available in order to allow Europe to manufacture its own defense weapons, and take some of the burden off the shoulders of the United States.

Mr. REED of New York. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, about 34 years ago I stood in the well of this House and I took an oath to preserve and defend not some other government but our own, and I have tried throughout the years to follow that course of action in this House. We have had wars for 2,000 years. Europe has been the crossroads, and they have come out of those wars, and it has taught them a lesson not to get into another one. I stood on the floor of this House and I argued against the arming of Japan, but no, we went along and we armed Japan.

Now let us see where we are going. I happen to be a member of the Committee on Ways and Means that has to raise the taxes from the people of this country. I do not need to repeat to you that a debt of \$260,000,000,000 is a lot of money. I do not need to remind you that the budget now calls for approximately \$85,000,000,000, and I do not need to remind you that there is, at least, a developing revolt in this country over the highest annual tax bill of any other country in the world today.

Now here are some things that startle anyone thinking about it. Take, for instance, the Lisbon Conference held not long ago. It was stated that the startling sum of \$300,000,000,000 would be needed for the next 3 years for European de-

fense, the United States to furnish the major part of it. The North Atlantic Treaty Pact defense program for 1952 and 1953 will cost \$75,000,000,000, and America's share will be \$57,000,000,000. This is more than three-fourths of the total cost. The Financial Times of Great Britain gave the following estimates: Britain's share, \$4,000,000,000; France's share, \$3,300,000,000; Italy's share, \$980,000,000. Now the United States of America is expected to put up \$57,000,000,000 for rebuilding Europe, after having put up \$45,000,000,000 during the last 6 years. Where on earth are we going, gentlemen? Of course, those people will be with us just as long as the money keeps flowing into the foreign coffers, but all the time we are weakening our country, we are weakening our resources, our irreplaceable resources. We just cannot keep going on without dragging ourselves down to the level of these European countries, which have always been more or less at war.

Now that gives you just a little sketch of the amount of money that we propose to dish out over there. And I have some other information here that if time will permit I want to get into the RECORD. Here are some of the interesting items for which our money is being spent.

Here is a waterway in France that we are building up in the Alps, from the Mediterranean to Lake Geneva, which will have 22 dams and 46 power stations. The three dams already completed or under construction cost \$685,000,000. What do you think the cost of the whole project will be? It will run into the billions of dollars. Whose money? Our money. You could not get a project through here to keep from drowning out that whole area in the West. You could not negotiate that; no, sir. You could not even keep a little town in this country from destruction by annual floods, even where there are defense production plants.

In Rome, a great monumental railway station, a mile long, into which you could put the Pennsylvania Station, Grand Central Station, Cleveland Union Station, and all the railroad stations in the Chicago area, and have a few acres left over. And whose money is doing that that is bleeding us white? It is our money.

In Rovigo, a town of 40,000 between Venice and Bologna, there is another tremendous railroad station that would dwarf our stations in Albany, Rochester and Syracuse, with private offices for everybody from stationmaster to lamp-lighter.

In Milan, and I have been there, is one of the most beautiful buildings in Italy, a new hotel 10 stories high, pure white, balconies that give every room a veranda. The whole place is air conditioned. The interior decorations are sumptuous. All rooms are with baths. There is a lovely roof garden and a fine restaurant. Our money is paying for it.

On Capri is the luxurious hotel Caesar Augustus, perched high and remote. Older, less luxurious and presumably less expensive hotels are boarded up, empty, while they are building this hotel which only the wealthy people, many of them

who are making money out of this war, can occupy.

In the outskirts of Milan, Rome, and Naples are literally hundreds of new apartment houses that would put Park Avenue apartments to shame. The rents are approximately \$25 per room. We are paying for them. I do not believe our people here want any such program at all. I am against it.

The ECA is supposed to have sent thousands of tractors to Italy. I was there. I saw them. Agriculture was to be revolutionized and production increased. They are not being used, because Italian agriculture simply cannot use our large tractors, and ECA refused to buy small ones, possibly because the big tractor companies did not have that type. I saw these things myself. What was more, they never sought to find out what is cost to operate these tractors. Their gasoline over there is a dollar a gallon. They just could not pay any such price for gasoline and operate a farm at a profit. Those tractors would not benefit those farmers, still they shipped them over there by the hundreds.

If you want to buy a motorcycle or even a motorscooter, you can have up to 2 years to pay for it. Credit is easy on small purchases.

Where is the basis for such credit? Can it be the Italian economy, which 4 years ago was practically bankrupt? Is that the reason?

A group of economists in Milan has reported that a large part of the counterpart funds there had gotten into the hands of the already wealthy, and that only an infinitesimal portion had filtered down to the grass roots. They said Italian laborers were as poor or poorer than in the 1920's.

How is this sort of thing going to aid in repelling communism? It is not going to do it. The time has come to stop here and now, and think of America. Stop this financial debauch by the chronic welfare-state spenders.

Mr. MANSFIELD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, like the gentleman from New York, who just preceded me, and for whom I have the greatest admiration, and like all other Members of this body, I took an oath when I assumed the office which I now hold. I took that oath without reservation, and I intend to do the best I can to see that it is upheld.

I can well recall as a boy in Montana, before the First War, when the oceans on both sides of this continent of ours meant something, and when the air above was free. We are living in a different age now, and because of the scientific achievements of mankind, distance has shrunk. Whether we like it or not, we are neighbors one with another throughout the world. As distance has shrunk, so has the air become less free. It is up to us, I think, to act as the leaders of the non-Communist free world, act as adults, shoulder our responsibilities, and see to it that the non-Communist world is kept that way and not allowed to fall into the hands of the Communist aggressors.

My good friend and colleague, the gentleman from Ohio [Mr. VORVYs] has made the statement that he wants to make very sure that the Marshall plan will end on June 30 of this year. He knows, of course, that I am in full accord with him in his views on the Marshall plan, but I believe you should know that the Marshall plan has already gone out of existence, and that it is a misleading statement to label such things as "defense support" as a continuation of the Marshall plan. The Marshall plan was for the rehabilitation of the economies of Western Europe, whereas the defense-support program is for the creation of better facilities for the making of armaments so that the defense of Western Europe, and thereby the defense of this country, can be maintained.

It just happens that the Senate of the United States has entered into a treaty known as the North Atlantic Treaty for a 20-year period. This House had nothing whatever to say about the North Atlantic Treaty. But, under the Constitution, a treaty agreed to by the Senate becomes a part of the law of the land. On that basis we either live up to the obligations entered into by the Senate in behalf of the Government of the United States or, if we do not, we should pull out completely. Questions have been raised today about this defense support, which I think is in many respects the most important part of this program. May I say to my colleagues I was the one who was responsible for the more than \$800,000,000 cut in the military end item part of the aid to Europe, and that I supported wholeheartedly the 10-percent defense support cut in that part of the program as well. But defense support is something which means that one American dollar can do the work of three if it is put to use in Europe, and at the same time it will give those people over there the opportunity and the chance to bring about necessary manufacturing processes by means of which, for example, such things as spare parts can be manufactured to supplement the initial equipment sent over. If that is not done, then it means in addition to furnishing the article in the first place, we will have to keep on furnishing the spare parts as well. In many instances, as I understand it, the cost of the spare parts will be far more than the cost of the original equipment. My good friend the gentleman from New York, has mentioned something about this railroad station in Rome, and he seemed to indicate or imply that it was built with American funds. I have before me page 674 of the hearings on the Mutual Security Act, and I see where the following statements are made. Mr. CHATHAM was speaking by the way, I believe, to somebody representing the United States Chamber of Commerce, who had quite a lengthy statement in the hearings. The testimony is as follows:

Mr. CHATHAM. Then I want to bring up in the record a couple of other things. I have been reading the testimony before the Senate and I see you have left out the railroad station in Rome, which was also an irresponsible statement. Mr. Hulcy, I believe, is your president. I have a quote here be-

cause I knew you were coming, and I tried to figure this thing.

Mr. Hulcy said, "Foreign countries are using American aid for such projects as a mile-long railway station in Rome, which will be larger than New York's Pennsylvania and Grand Central Stations, the Cleveland Union Station, and all of Chicago's railroad stations combined." It turns out that not a penny of American funds or counterpart funds was used in the station. You did not quote Mr. Hulcy, but you spoke of a railroad station in Rome in the testimony before the Senate.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ARENDS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Ohio [Mr. VORVYs]. I believe definitely we can do what he proposes to do by his amendment; that is, make a further reduction of foreign economic aid without in any way injuring our security. The time has long since arrived when we must think in terms of our own self-interest, as to what is to the best interest of the United States. In so doing, by keeping this country strong, we will be serving the cause of freedom much more effectively than by dissipating our resources on unrealistic foreign-aid programs.

In his recent letter to the chairman of the Senate Committee on Foreign Relations, General Eisenhower stressed that he was forced to make certain assumptions concerning the administration of the MSA program. He said:

I believe the American approach must always be to weigh these questions in terms of the effects upon the security of the United States. At a time of such heavy costs as the United States is incurring it is more essential than ever that each dollar be made to count to the maximum.

I wholeheartedly agree with this statement. What is done through this legislation must be done only with full consideration of the effects upon the security of the United States.

Mr. Chairman, I have endeavored to check some of the expenditures previously made by MSA and its predecessor, that is, ECA, against the criteria set forth by the general. I shall show the House that the taxpayers' money has been squandered in frivolous projects which could have been eliminated without damaging any of the objectives stressed by General Eisenhower.

Remember, Mr. Chairman, the general has talked about military requirements and expansion programs which develop collective security. Certainly by no stretch of the imagination can expenditures for free tobacco at the expense of the American taxpayer be considered an essential military requirement. During the period starting with April 3, 1948, through December 31, 1951, MSA report that they have authorized procurement of \$452,453,000 in free tobacco for foreign nations. Of this amount, \$236,500,000 was given to Great Britain; and Western Germany received the second largest gift which amounted to \$70,900,000. During this same period the United States Treasury collected \$5,124,249,000 in tobacco taxes. In other

words, these MSA authorizations for free tobacco represent 9 percent of the taxes received by the United States for tobacco. Mr. Chairman, on the average every American could have enjoyed tax-free tobacco for 1 month each year since the start of ECA without any change in our budgetary position if we had merely discontinued sending free tobacco to other countries.

I have before me one of the more recent tobacco authorizations for Germany. It is dated May 5, 1952. It provides \$1,300,000 for cigar-leaf tobacco; \$160,000 for fire-cured tobacco; \$5,232,000 for flue-cured tobacco, and \$1,308,000 for Burley tobacco. This represents total expenditures of \$8,000,000. We not only provide the free tobacco, but we also provide the cigarette paper. The recipients of our gifts state the specifications. I note that the Greeks have requested that all cigarette paper be bright pink. I have before me an MSA release announcing the procurement of 14,000,000 booklets, 50 leaves to each booklet, of such cigarette paper for Greece.

Having promoted smoking in Europe, we are now using MSA to purchase tobacco for the Associated States of Indochina. I have here a release, dated March 7, 1952, which authorizes the expenditure of \$750,000 for this purpose.

Mr. Chairman, I do not believe that the countries this side of the iron curtain will collapse if we stop supplying their citizens with free coffee. Since April 3, 1948, through January 31, 1952, we have authorized the procurement of \$24,800,000 of coffee. Of this amount, Greece received over 40 percent of the total, or \$10,900,000 worth. The population of Greece is about 8,000,000; adults number about 5,000,000. In other words, every Greek adult has received about \$2 worth of free coffee since the start of this program.

I have four MSA releases before me, each calling for the procurement of 500 to 600 tons of Brazilian coffee for Greece to be financed by the American taxpayer. One of these releases is dated March 4 and the other is dated March 21, just 17 days apart. These particular releases are issued by the MSA Office of Small Business and are designed to encourage small-business participation in the program. I note that these releases state that bids will be received from all countries, but the source of the coffee must be Brazil. As usual, the releases state that payments will be made in United States dollars by MSA.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(Mr. ARENDS (at the request of Mr. RICHARDS) was allowed to proceed for three additional minutes.)

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from South Carolina.

Mr. RICHARDS. There are no funds for tobacco in this organization at all, for any country.

Mr. ARENDS. I understand that, Mr. Chairman, fully; but I am talking from past experience and what we may perhaps face in the future.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from Ohio.

Mr. VORYS. There are no programs for tobacco. The balance of payments funds are being made so those countries can use their own money for tobacco. As long as there are balance of payments funds, of course, you are making loans for tobacco, grain, things like that, but it does not show here.

Mr. RICHARDS. Whatever tobacco is obtained by any of those countries from over here is bought and paid for by those countries during their next fiscal year.

Mr. GROSS. That, however, would not hold true of coffee. It is being paid for by American dollars, as indicated by these sheets.

Mr. ARENDS. Apparently the practice of dentistry in Greece is increasing rapidly. On March 26, MSA announced that this country would be supplied with 150,000 ampules of novocaine. As the total population of Greece, including infants, is less than 10,000,000, they should have an ample supply of novocaine. The next day, March 27, MSA realized that the novocaine would be useless without injection needles so they promptly supplied 23,000 injection needles and 10,000 syringes.

Mr. Chairman, I have been under the impression that Indochina needs weapons to fight the Communists. Apparently, MSA feels it is more important to send them blotters and note books. I have before me another of these fabulous small business circulars which announces that we intend to send Indochina 40 reams of blotters, 100 reams of mimeograph paper, 2,000 reams of white paper, 190,000 notebooks and 2,000 boxes of stencils for Italian duplicating machines. I am sure this procurement struck terror in the hearts of the Communist aggressors.

Mr. Chairman, I could go on for hours but will spare my colleagues the pain of listening to much more of this nonsense of how things are happening today.

I am satisfied that we can drastically cut this authorization without jeopardizing in any way the defense of the free world. It is obvious that as long as the money is available, the bureaucrats will find a way to spend it. We shall never have economy until we cut back the funds which make these expenditures possible. Wild spending and misadministration will continue as long as easy money is made available.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ARENDS. I yield.

Mr. GROSS. And when ECA bought 61,000,000 pounds of coffee a few years ago the international speculators immediately got busy and the housewives of America know what has happened to the price of coffee.

Mr. RICHARDS. Will the gentleman support this bill if all economic aid is cut out of it?

Mr. ARENDS. No; I am against the bill unless substantial reductions are made.

Mr. RICHARDS. I thought so.

Mr. DAVIS of Georgia. Mr. Chairman, I offer an amendment to the Vorys amendment.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Georgia to the amendment offered by Mr. VORYS: Strike out "\$1,022,000,000" and insert in lieu thereof "\$637,300,000."

(Mr. DAVIS of Georgia asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Georgia. Mr. Chairman, the purpose of my amendment is to reduce this item by \$1,000,000,000. I do not think the amount by which it would be reduced by the amendment offered by the gentleman from Ohio [Mr. VORYS] is sufficient; I think it can well stand a cut of \$1,000,000,000, and that is the purpose of my amendment to his amendment.

Mr. Chairman, when the twelfth quarterly report issued by the Economic Cooperation Administration came out last year it showed that up to that time the recovery of Western Europe amounted to an over-all average of 139 percent of production as compared with its production in prewar years. I feel that a recovery which amounts to 139 percent is sufficient to authorize the cutting back of that program which is costing the American taxpayers so much money.

We find on page 29 of the committee report on this bill a statement of the amount asked by the President and it shows that to be \$7,900,000,000. The amount recommended in H. R. 7005 is \$6,889,100,000 and the amendment offered by the gentleman from Ohio would cut that by approximately \$600,000,000.

I feel that it is not at all unreasonable to cut the amount of the Executive request by \$2,000,000,000. We are facing this year a budget request of approximately \$84,500,000,000. We have cut from that budget request up to now approximately \$6,500,000,000 and I think it is not at all unreasonable to ask for another cut here where it will not injure our program of another billion dollars.

I see in the committee report over here in the table on page 30 relating to "Mutual security funds in 1952 obligations and expenditures up to February 1952." Down at the bottom of page 31 we see that the unexpended balance on June 30, 1952—that is, there will remain an unexpended balance on June 30, on this economic and technical assistance—of \$960,000,000, which is almost \$1,000,000,000; under the plans as they now are this sum will remain unexpended on June 30 this year, that is at the end of this fiscal year.

Of the total estimated expenditure items 4 and 6 there will remain unexpended \$2,463,034,000. There will remain unexpended of total assistance, both economic and technical plus military, on June 30 of this year \$8,915,049,000.

It seems to me that the time is here to pay some attention to the needs of the American taxpayer and to take some action here to relieve them as well as to do all these various things which we are doing for Europe and the other sections of the world. We have scattered

our substance all over the face of the earth in total disregard of the burden on the American taxpayer.

Mr. Chairman, this is a reasonable cut which I am proposing and I submit it for the consideration of the committee.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Did the gentleman say "unexpended" or "unobligated" because there is a difference?

Mr. DAVIS of Georgia. I said "unexpended" and that is what the table on pages 30 and 31 shows—almost \$9,000,000,000 will remain unexpended on June 30.

Mr. ZABLOCKI. There is much less than that unobligated. There are some \$400,000,000 unobligated.

Mr. DAVIS of Georgia. I am sure the membership understands the difference between "unexpended" and "unobligated."

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. FULTON. Mr. Chairman, I offer a substitute amendment for the Vorys amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON as a substitute for the amendment offered by Mr. Vorys: Page 15, line 7, strike out "\$1,637,300,000" and insert "\$1,337,300,000."

Mr. FULTON. Mr. Chairman, I believe that it is necessary to have these various cuts in the economic aid set out so that we can, as a committee, see the various proposals, and their solution. My amendment is a cut of \$300,000,000 from the committee figure for economic aid. The cut of the gentleman from Ohio [Mr. Vorys] is a cut of \$615,000,000 from the committee figure. The cut of the gentleman from Georgia [Mr. DAVIS] is a cut of \$1,000,000,000 from the committee figure on defense support.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Mississippi.

Mr. WILLIAMS of Mississippi. As soon as these amendments are disposed of, I intend to offer an amendment to cut out all economic aid.

Mr. FULTON. I would like to explain shortly to the House, the reason for this \$300,000,000 cut. To those of you who want an adequate program but still wish to cut the fat out, my amendment is for that purpose. If you will look at the staff report on the fiscal status of mutual security funds as of March 31, 1952, prepared by the staff of the Committee on Foreign Affairs, you will see there is \$406,800,000 estimated not even to be obligated, that is, unobligated as of June 30, 1952. This means that for this program for the current year the Department of Defense has left unobligated, and they will not have used, \$406,800,000 of the mutual security funds when the program ends in the current fiscal year on June 30, 1952. Because I feel that there might be some part of that, maybe 25 percent of it, that the Department would like to obligate, even in spite of their plans now not even to use it, I have

left them some leeway in my amendment. So, I have simply cut \$300,000,000 from the defense support program, which is the economic program, that is, cutting out most of the unused or unobligated money estimated by our Foreign Affairs Committee staff available as of June 30, 1952. My amendment will not hurt the program in the least, but it will tighten it up, and make for legitimate economies and savings, and cut out the unprogrammed funds in the program of the current fiscal year.

Again, if the program is a little large next year and there are unobligated funds remaining June 30, 1953, we again should look and cut the fat. As the House will remember last year I put in two amendments—one to cut the military aid program \$250,000,000 and another to cut the economic aid \$250,000,000—a total of \$500,000,000 cut in this program. On the motion to recommit from the Republican side, where \$350,000,000 actually was cut out of the program, as you recall, there has been no complaint by anybody or any official before our committee or on this floor that the Mutual Security Agency did not get enough money this year. Why not say to the Agency, "If you have not expended or planned for \$406,800,000 as of June 30, 1952, the expiration date of this year's program, why not then cut \$300,000,000 out of that \$400,000,000," because we have actually had that excess this year.

When Congress gets beyond a certain point on the economic program for Europe, it is more than simple defense; that Congress is then financing our United States competition on machine tools, on fabricating, on basic industries, on manufactured items. This program should be over, probably, in 30 or 35 months, and then there will be all this excess manufacturing equipment, with low wages, in competition against our good United States business people selling abroad. On the other hand, we should in every case see that Europe has the responsibility for the maintenance and repair of this equipment themselves. Congress should supply enough economic aid to see in respect to the military equipment that we send to Europe that these countries are able sufficiently to repair it themselves and that our American taxpayers do not have to pay for that repair during a long period of years. That is why I am for defense support to give them the maintenance and repair facilities that they need for this equipment so the American taxpayers will not have to pay that long-time upkeep expense. But I am against giving any equipment that is not needed for defense purposes and can be later used to compete, with an undue advantage, at the expense of the United States taxpayers.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. First I want to commend the gentleman from Pennsylvania for his statement and then ask a question that I asked of the committee yesterday, whether or not in your study you went into these contracts that were obligated, to scan those contracts for

realism, because there is where you get your loose dollars. It is easy to obligate funds through some sort of fictional contract or very poor contract. Now did the committee make any study of the contracts that were obligated?

Mr. FULTON. As you know, General Eisenhower, when he made his report, and the general that came before our committee, his chief aide, General Gruenther, each said that they could not come up with money figures for the security program, and they did not discuss it on that basis. The military witnesses did discuss the equipment they needed and the committee specifically went over each country as to what supplies they would get, but we are not at liberty to give it to you. We also went into the balance-of-payments question checking how much each country's budget was out of balance, and the military burden each country would assume for its own defense.

Mr. FLOOD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, suppose we examine for a few minutes the present very perilous situation. We know that the Korean negotiations are now at a deadlock as of this minute, at an absolute deadlock. We know, and General Ridgway so testified yesterday, that the Russians are massing great forces on the Chinese border. That we know. The news ticker this morning out here in our lobby told us that the Chinese Reds are starting an attack on the Portuguese border of Macao in China.

Further, we are aware as part of this very perilous situation at this hour today of the negotiations in Germany to bring Western Germany in as an integrated part of the defense, not the defense of Western Europe but, as my brilliant colleague from Massachusetts [Mr. HERRER] says, the defense of the United States of America. Forget about this defense of Western Europe, it is the defense of America.

That is the situation, that is the stage setting you are debating on this minute, and you want to cut another billion out of this bill in face of this peril?

I will tell you what General Eisenhower said, and I am reading from the New York Times editorial of this morning. General Eisenhower, who thus far could speak only of the mutual-security bill, for obvious reasons, warned us that while minor cuts—minor cuts, mind you—may be absorbed, a cut of a billion dollars in that program, and that has already been cut one billion by the committee, would be very heavily and very seriously felt, and any further cuts would seriously endanger the whole military build-up regarded as an absolute minimum necessary to safeguard the security; and you are asking me to substitute your opinion for that of General Eisenhower when the national welfare and the security of this Nation are at stake on this subject of military defense.

Many of you were lawyers or crossroads editors of small newspapers, or whatever you were that is, you were the night before election, but the morning after you were elected you think you became Secretaries of State or Chairmen

of the Joint Chiefs of Staff. Oh, no, not on a serious matter like this, not for me, not for my country.

I stood here, Mr. Chairman, and I was one of a half a dozen men in 1946 who fought against needlessly rapid demobilization. I argued against bringing the boys home, in too much a hurry, and all of you stood here day after day and cried, "Bring the boys home," regardless of security in the east or west. You demobilized and you wrecked the defense of America. That is what is costing you money today, and that is what you are paying for in this bill and the other defense bills of the past several years—you have been paying to rebuild a defense structure—this bill will continue to build it and keep it strong. Cut this again and you may as well cut out your heart.

Mr. GWINN. Mr. Chairman, I move to strike out the last word.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield.

Mr. VORYS. I wonder if there could be any agreement as to time on these amendments.

Mr. RICHARDS. Mr. Chairman, I hope that an agreement can be reached as to time for debate. I do not know whether we can. I see at least 13 Members who want to speak, and in view of that situation, I have no disposition to ask for an agreement to limit debate at this time.

Mr. GWINN. Mr. Chairman, I rise in support of the Vorys amendment. It is hard to get the facts. Mr. Chairman, MSA, the European recovery offices have now accumulated enough facts in their own portfolios, and if we Congressmen can only go over there and dig them out, we will get some answers for ourselves. For instance, on this Rome railroad station, which is big enough to house the New York City stations, the Cleveland and the Chicago stations, and yet have 12 acres of space left. Here is a picture of it which I got from MSA files only 2 weeks ago. It is a mile long, it was built with some of our funds. On the back of this picture are these words:

ERP contributed from the Italian counterpart funds 2,170,000,000 lire, the equivalent to about \$3,600,000.

And stamped on the back is:

Photo courtesy of MSA; if not used, please return to 800 Connecticut Avenue.

Now, what difference does it make whether \$3,600,000 of our money went directly in there, or \$1,238,000,000 of our money went to Italy and they thought as a result they could afford a railroad station a mile long like that? Are we stopping communism like that in Italy? Are we building up our military defenses and making allies that way in Italy? Are we making friends?

Here is a picture of the Mondragon Dam in France, on the seaway from the Alps to the Mediterranean, 300 miles long. Here is some American machinery helping to dig the canal. This comes from the files of MSA. Here is what it says on the back:

With a \$33,000,000 boost from the Marshall plan, the seaway project stretching between

Donzere and Mondragon has moved rapidly toward completion. The new hydroelectric facilities are expected to produce 13,000,000,000 kilowatt-hours annually, 3,000,000,000 more than America's TVA.

We cannot afford a seaway for ourselves. France, by a popular vote, twice refused to build that project. Our own committee has come back and reported here that the people with capital to invest in France and throughout Europe are taking their money out of Europe and investing it elsewhere. So American taxpayers' money, taken by force from them under the theory of doing charity, is expected to let politicians do good with it around the world. They are expected to do charity for people who will not even invest their own money in their own country. They will not even willingly defend themselves. They are not afraid of the Russians. They dislike us and wish we would mind our own business. That is what we should do. In God's name, when are we going to quit doing good with other people's money? We can never do good in this world that way. Nothing good can come out of compulsory charity. We can support the military program because we have all given the Government the constitutional right to use force in our self-defense. But there is no right in this Congress to compel the taxpayer, against his will, to do such works, in whatever names we may call them.

I yield back the remainder of my time.

Mr. JUDD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, if we are going to have this program at all—and, as was said by the chairman of our committee, the gentleman from South Carolina [Mr. RICHARDS] yesterday, no presidential candidate or any other person claiming the support of the American people on a major scale has suggested that we kill it—then we should have it on the most economical basis possible. We ought to consider the taxpayer. It is because I think the money for defense support is the most economical and productive part of the bill that I oppose every one of these amendments to reduce it. If you are going to consider the taxpayers, these are the amendments you should not pass, because here is where they get most for their money.

The gentleman from Ohio [Mr. VORYS] said his amendment would cut the amount to what the figure was last year. That is true. But it was not brought out that this bill has already cut military assistance from last year's five billion to three billion three hundred million. To cut the amount of so-called economic aid this year back to what it was last year might be justifiable if we were giving the same amount of military aid this year that we gave last year. But if, after cutting down the military aid, we now cut the economic aid further, then in my judgment we are just punishing ourselves, because we do not escape the ultimate burden; we just cut down the results obtainable under the program. The whole objective is to build up these armed forces in Europe, and they will not have effective armed forces if they do not have expanded productive ca-

pacity in order to build more arms for themselves or at least be able to carry on maintenance and replacement of spare parts for what we send over.

May I ask you to look on page 1061 of the hearings at a memorandum prepared in response to requests made during the hearings.

For example, on page 567, I had asked this question of the military and economic experts:

How many fewer military end items will they be able to manufacture if they do not get this economic aid?

Then, later I said:

These dollars represent production by them of so many military end items that they could not otherwise produce. Those same military end items, if manufactured by us and sent over by us to them, would cost a larger amount.

How much larger? So that document appearing on pages 1061 and 1062, was furnished by the Department of Defense so we would know what we are doing if we cut out, as the gentleman from Mississippi says he will propose to, all of the economic aid. Of course, we cannot predict what they would take out of their programs, but assuming they cut down roughly the same on all three services, the elimination of the one and four-tenths billion for defense support would mean the loss of 10 European divisions, with supporting units; 30 aircraft squadrons (750 front-line aircraft and their logistic back-up); and the equivalent of 40 coastal minesweepers and 30 destroyer escorts. These are the fighting strength that they will not be able to produce if all defense support is eliminated. It would cost three and three-tenths billion to do what they can do for one and four-tenths billion of defense support.

That is the reason I am against these amendments to cut defense support. In committee the majority cut military aid 20 percent. It cut economic aid only 10 percent because the committee recognized that we would get more for our money here than we will under the strictly military aid program, where we manufacture end items in this country at higher prices and send the arms over there.

Mr. Chairman, our choice is not between more money and less from our taxpayers. It is how to get the most defense for the least amount of money. It costs us less money, not more, to enable the Europeans to provide a larger proportion of the arms for their men; it costs us more money to make those arms here. Under those circumstances I have no difficulty in deciding what to do with my vote. I have to vote not to cut the economic aid, because to cut out the \$1,400,000,000 of economic aid or defense support, produces a cut in their armament of \$3,300,000,000.

Look on page 1062 and you will see that it costs to maintain an American soldier for a year \$3,038; United Kingdom, \$1,211; Belgium, \$1,183; Norway, \$1,108; France, \$1,097, and so on.

If we do not enable them to arm and supply their own forces we will have to send over arms and equipment produced

at greater cost and send over more Americans, too, to make up for those 10 divisions which they cannot put in the field. It seems to me that is the most reckless course we could follow with respect to the American taxpayer.

Mr. Chairman, I do not want to take the rest of my time; I suppose everybody has got his mind made up already. I just hope that if you are going to cut the bill, you will not cut in the place where when you knock out \$1 of defense support, you knock out \$2.40 worth of end results.

Mr. VORYS. Mr. Chairman, I rise in opposition to the substitute.

Mr. Chairman, there has been more exaggerated talk around here about this multiplier effect than anything I have heard for a long time. I want to point out to you two things from the hearings: Page 515, I asked Mr. Cleveland—he was talking about military production and a lot of tables in there—

Mr. VORYS. Mr. Cleveland, as I understand your statement, the hardware goes up a billion and a half and we put in \$1,400,000,000; is that right?

Mr. CLEVELAND. That is right.

Mr. VORYS. I think we all ought to bear that in mind when we hear about our contribution being multiplied two or three times.

You have got 1.5 for 1.4. But then a little later, page 540, I asked him—I had been trying to pin him down on this multiplier effect to which reference has just been made, and I said this:

I wonder if you could just answer that question I asked. Does this subtraction of the with and without defense support items for aircraft mean we cannot get aircraft materials, machinery to send to Europe?

Mr. CLEVELAND. No, sir. This table does not have anything to do with imports of materials into Europe.

Then he went on to say it was merely a form of wise guessing and extrapolating. Then I said:

Mr. VORYS. Still looking at your table on defense support, you apparently estimate that without defense support these countries could do just about as well, within \$300,000,000, this coming year as they did last year; is that right?

Mr. CLEVELAND. Somewhat less.

Now, under my amendment I propose that you give them \$1,022,000,000. That is just what they got last year. That is a lot of defense support. I think the \$1,000,000,000 cut is too high; the \$300,000,000 cut is too low.

This program is always presented to us as the absolute minimum that we have got to do or we lose the whole cold war. I would like to quote Secretary of Defense Marshall at last years' hearings in the Senate.

He said:

As to the \$8,500,000,000 program, it is the minimum essential to carry out the arrangements arrived at in our agreements with the NATO countries and with General Eisenhower.

After he said that you would have thought that when the Congress proceeded to make a cut of \$1,016,600,000, that NATO would have fallen apart, that there would have been collapse in all

of those countries. We made that cut last year after General Marshall told us what was the absolute minimum, and not only has there been a build-up in NATO, not only has there been an increased recovery in Western Europe, but also we have not had a single complaint about the cuts we made last year.

My proposal is just simply this: Of course, when you put arms in the hands of a soldier of another country and they pay for his upkeep and for his uniform, that is sound economy, but when you do that, and then say you will also render economic aid to help buy uniforms and feed soldiers, you are losing money. We are getting into an atmosphere where we will have a perpetual obligation all over the world to furnish foreign aid.

You will find when you get to point 4 that they are beginning to put foreign aid in there.

What I propose to do is to cut the mere recovery money down to where we can honestly say: We are now furnishing you sufficient defense support for you to go ahead and do the job; we will furnish you a lot of weapons, we will furnish you \$1,000,000,000 of offshore procurement for you to get into the business of making weapons and to get dollar aid; we will furnish you \$1,052,000,000 of stuff that our troops and our Armed Forces over there use; we will furnish you, under my amendment \$1,022,000,000 of defense support. Now, get going under this sum and learn to defend yourselves and to support yourselves.

Mr. RICHARDS. Mr. Chairman, I move to strike out the last word.

Mr. JUDD. Mr. Chairman, will the gentleman yield? I want to comment on one thing the gentleman from Ohio said.

Mr. RICHARDS. I yield to the gentleman from Minnesota.

Mr. JUDD. It is true that for \$1,400,000,000 of defense support, we get only \$1,500,000,000 worth of military hardware. But the men who use the hardware have to wear uniforms. These countries do not produce cotton, they do not produce wool; they have to buy those commodities abroad and they have to have dollars in order to buy them. Therefore the amount necessary for pay, uniforms, maintenance, construction, and so forth, makes up the difference between one and five-tenths billions of weapons and three and three-tenths billions of total defense effort by them. That is the point that should be taken into consideration.

Mr. RICHARDS. I thank the gentleman.

Mr. Chairman, the gentleman from Ohio is a great man on figures and I have affection for him; but he has juggled these figures so much that he has probably become confused and has convinced himself the juggled ones are right.

The gentleman from Ohio read part of what Mr. Cleveland said, but he did not finish it. On page 517 of the hearings this appears:

Mr. CLEVELAND. It is the difference between what you would get in the way of defense expenditure in Europe with this \$1,400,000,-

000 of defense support and what you would have in the way of defense expenditure—that total of not only production but pay, maintenance, construction, and the rest of it—without the \$1,400,000,000. We figure that you would probably have about \$10,600,000,000 worth of defense expenditure instead of the \$13,900,000,000 that was on that chart.

The question is simple. If you want an aid program and you want to get that aid program with the least number of dollars you can put out, the funds provide for defense support authorized in this bill.

Mr. CURTIS of Missouri. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, we are given a choice of cutting \$300,000,000, \$600,000,000, or \$1,000,000,000. The tragedy of the thing is that I do not believe there are any details that would back up any of those cuts any more than there are details that would back up the committee's recommendation which, of course, came originally from the State Department for the entire sum. I asked the question whether or not the committee had gone into the matter of obligated contracts, because there is one way these funds that have been voted by Congress can be hidden and, naturally, or turned to other purposes. You see, I approach this thing from an entirely different angle, being on the Expenditures Committee. We run into the moneys after they have been spent and we try to trace it back and find why the waste, unintended expenditures, and corruption actually occurred. When you consider the matter from that angle, watching and seeing what our money was spent for and tracing it back then is when you begin to get a little bit worried about some of these methods of letting contracts and obligating contracts, and actually changing the purpose of contracts.

Now we have all experienced this, that right before an appropriation bill, all of the Government agencies, whether it is the military or it is the State Department or what, immediately run around in a great big hurry to try and obligate any funds they have so that they will not have to appear before us with unobligated funds. That is why it is incumbent upon the committees of the House dealing with these various agencies to at least take a little survey of the obligation contracts to find out whether those are bona fide and realistic contracts. This committee, unfortunately, has not done that, nor has the committee staff taken a look at them. I would just like to know how these billions of dollars that we have previously appropriated have been obligated and whether or not those are realistic contracts that we can actually expect to get some results from.

Now there is one figure that we are all familiar with: \$1,000,000,000 worth of goods was delivered last year under the previous appropriations. If that is an indication of what is going to be delivered next year—and I suggest it probably is—we are not talking about very much when we talk about authorizing these additional billions of dollars, because we have many billions of dollars still obligated

but unspent, probably much of it obligated under unrealistic or changed contracts, and one-half billion unobligated. They can go ahead and carry on the program. You are not talking about cutting anything at all in this coming fiscal year. If you really want to talk about something, talk about the productive capacity of the United States and how you can gear these particular programs into our productive capacity. There is a limitation on what we can do in this country. It is our productive capacity plus the availabilities of certain metals and other materials that go into fulfilling those contracts that creates this limitation.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Michigan.

Mr. MEADER. The gentleman was on the Bonner committee trip and heard witnesses from ECA and military aid missions explain the actual expenditure of some of these funds. May I ask him if he is willing to tell the House whether he thinks our administrators are getting full mileage out of the dollars we have appropriated for these purposes in the past?

Mr. CURTIS of Missouri. Of course we are not. That is why my worry is just where it is and why I began yesterday, in fact, I began last year when I argued against the defense bill at that time. Again I say, I am for a mutual security program and, therefore, I differ from a great many of my friends on this side of the aisle, but I do think we have to justify these things. This is the Congress of the United States, and the people are dependent upon us, even though we might have been just lawyers or little journalists in the outposts of this country, to look into these things and get away from these glittering generalities. We are talking about the defense of this country, and we should be talking in terms of specific details. Let us put an end to all this oratory. I think we are all of us good, patriotic citizens, but as patriotic citizens let's get down to details.

Mr. CHATHAM. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from North Carolina.

Mr. CHATHAM. I have been on my feet very little because there is a record here of everything that is said, but I would like to say this. I am rather prudent, I think, in my judgment, but I think this bill is probably a billion or \$2,000,000,000 too little. We agree that money has been misspent, but we are up against a country that is geared for war. I want to go on record at this moment that I think one billion, two billion, or three billion, maybe, could be spent if we could gear the production all over the world to the money.

Mr. CURTIS of Missouri. If we could actually match the contracts and our production schedules to these figures we are talking about we might be able to indulge in some of this oratory, but it is pretty hollow oratory when you

cannot match our production with the figures we are voting. That is what we ought to get around to.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I rise in support of the Vorys amendment.

Mr. Chairman, I am a member of the Committee on Ways and Means. We are given the job of the raising of the money to meet the obligations we assume in this body. Most of the obligations we assume here are at the behest of a department of Government which either tells the entire body of Congress what it intends using the money for or as is too often the case, it tells a committee in secret the purpose of an authorization or appropriation. The committee cannot tell this body these secrets, hence we all too often have to vote upon issues and items we know nothing about.

Within a very short time we will have an opportunity of cutting down on the money authorized by this bill. I think we should agree to the Vorys amendment, cutting the bill six hundred million and then give an earnest to the American people that where there exists a grave question of doubt as to whether or not additional money is necessary, we for once give the benefit of the doubt to the American taxpayer.

I want to talk just a bit about personal income taxes. We are collecting in personal income taxes, it is estimated, about \$28,500,000,000 from 45,000,000 of your and my neighbors and taxpayers. This means that on the average each personal income taxpayer will pay approximately \$730 in income taxes in 1953.

Let us forget about the man who has an adjusted gross income of over \$10,000. Consider only the lower income groups. There are 42,000,000 out of the 44,000,000 income taxpayers who pay on adjusted gross incomes of less than \$10,000. They are the people you and I know back home. They are the great mass of our people and the great source of the revenue of our country. There are 42,000,000 of them. They are the people to whom in a few minutes we can say, "Where there is doubt, we are going to give the benefit of the doubt to the American taxpayer." There are 42,000,000 who pay on an average of \$452 each year income tax. If we will agree to the Vorys amendment, 1,330,000 of these average-income taxpayers, living in your district and mine, who earn not above \$10,000 upon which they pay income tax each year—if, I repeat, we accept Mr. VORYS' amendment, and give the benefit of the doubt to the doubt to the American taxpayer, we will take 1,330,000 of them off the income-tax rolls so far as this particular item is concerned. Let us for once, where there is grave doubt as to the necessity of spending money, and where we know there is an ample reserve carried over from last year to take care of any conceivable responsibility or liability imposed upon us this coming year—let us for once take care of that taxpayer back home. Let us give him a break in this

issue. Let us agree to and support the Vorys amendment.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate close in 10 minutes.

Mr. RICHARDS. Mr. Chairman, I object. I hate to do that, but practically all of the speaking that has been done has been done on the other side of the aisle.

Mr. VORYS. Mr. Chairman, it is obvious that there is a filibuster on, and I move that all debate close in 15 minutes.

Mr. RICHARDS. Will the gentleman withdraw the motion until we can see how many Members want to speak?

Mr. VORYS. I withdraw the motion, but I think we ought to get through with this.

Mr. KERSTEN of Wisconsin. Mr. Chairman, I ask unanimous consent to extend my remarks at this point, and I want it to appear that I favor the Vorys' amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KERSTEN of Wisconsin. Mr. Chairman, every dollar spent on foreign aid must be completely justified as being in the defense of the United States. Every where that a cut can be made it should be made. There are two major considerations: weapons that can be placed in the hands of free nations only where we know that they will be used, and the crushing tax burdens on the backs of 44,000,000 American taxpayers.

Every dollar spent for waste or unnecessary measures is a blow against the American economy. An example of how the administration planners favor foreign countries as against America is the building by the ECA in France of two vast inland waterways and power projects in the rugged French Alps which is costing several billions of dollars while Congress stalls for years on beginning construction of the much less expensive and more important St. Lawrence waterway in America.

Mr. WILLIAMS of Mississippi. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I am not seeking recognition for the purpose of speaking on these amendments, however, I do have an amendment to offer to this section. After these amendments are disposed of, would this motion include that?

The CHAIRMAN. The gentleman's motion or unanimous-consent request would be to include the pending amendments only and not the section.

Mr. RICHARDS. Mr. Chairman, will the Chair advise the committee how many Members are on their feet seeking recognition to speak on the amendments?

The CHAIRMAN. The Chair notes six Members standing.

Mr. RICHARDS. Will the gentleman from Ohio state on what amendments he wishes to limit debate?

Mr. VORYS. On the pending amendment and all amendments and substitutes thereto.

The CHAIRMAN. The request would cover all pending amendments.

Mr. RICHARDS. Mr. Chairman, will the gentleman agree to fix the time at 30 minutes?

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on all pending amendments close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The gentleman from Nebraska [Mr. MILLER] is recognized.

(Mr. MILLER of Nebraska asked and was given permission to revise and extend his remarks.)

Mr. MILLER of Nebraska. Mr. Chairman, I am going to support the Vorys amendment. As I understand it, there are huge amounts of money that are left unspent and unobligated. I do know that the European countries, when they meet in conference, the question paramount in their mind is how much they are going to get out of Uncle Sam. Europeans are not interested in less money. I am very much interested as to what is going to happen to the taxpayers of this country.

Out on the plains of Nebraska, in the cattle country, when you begin to wean calves they do a lot of bawling. But there is always a weaning day that comes along. I am inclined to feel it is time to wean some of the foreign countries from getting so much economic milk out of the United States. They will do a lot of crying. There will be a lot of noise, but that thing has got to come about.

I do not think we have many friends in foreign countries, and we will probably have fewer when we stop this great spending, give-away program. Permit me to read an item from the Washington Post, on how Iran feels about the United States:

JACKASS IS BECOMING UNITED STATES SYMBOL IN IRAN

TEHRAN, IRAN, May 21.—A floppy-eared, bug-eyed jackass is fast supplanting the familiar figure of Uncle Sam in Iran as the symbol of the United States.

Not a day passes but one newspaper or another carries a front-page cartoon showing the jackass in varying moods—sometimes plotting against Iran's independence, sometimes offering the country needed help, avaricious, surly—depending on the paper's political affiliation.

It all began several months ago when point 4 officials handled the shipment of a load of jackasses from Cyprus to Iran in a program to improve the local breed.

Iranian papers, forgetting all the good that point 4 was doing in the country, immediately seized on the "pore crittur."

"What's wrong with Iranian jackasses?" was heard everywhere around Tehran.

Whenever the newspapers thought they spotted something wrong in the point 4 program, they trotted out the floppy-eared, bug-eyed jackass.

When an antigovernment newspaper wanted to lampoon Premier Mohammed Mossadegh for agreeing last month to resumption of United States military aid, it

showed him astride a donkey going off to fight America's battles.

The influential Keyhan set the tone for the jackass controversy. Its editorial writer said:

"I have looked over the list of aid from the United States to Britain, Turkey, Italy, and Greece and have failed to see any mention of asses. Are we unique in the world in needing donkeys?"

"What promises they made and what hopes they raised. And what is the result: asses."

Now, we have made a lot of promises. We have gone into many ridiculous programs. Maybe they need jackasses in Iran, but apparently they are poking fun at the United States, as they are doing in practically every country where we have given aid. It has been maladministered, and not doing the things we had hoped it would do.

So I think it is time to start weaning the program of giving away our resources. I expect to support the amendment offered by the gentleman from Ohio [Mr. Vorys]. A \$600,000,000 cut will not hurt them at all. There must be an end to this give-away program.

The CHAIRMAN. The gentleman from Mississippi [Mr. SMITH] is recognized.

(Mr. SMITH of Mississippi asked and was given permission to yield his time to the gentleman from South Carolina [Mr. RICHARDS].)

The CHAIRMAN. The gentleman North Carolina [Mr. CHATHAM] is recognized.

Mr. CHATHAM. Mr. Chairman, I yield back the balance of my time.

Mr. RICHARDS. Mr. Chairman, I move that the Committee do now rise.

Mr. MARTIN of Massachusetts. I hope that motion does not prevail.

The CHAIRMAN. The question is on the motion that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. RICHARDS) there were—ayes 63, noes 84.

Mr. RICHARDS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. RICHARDS and Mr. VORYS.

The Committee again divided; and the tellers reported that there were—ayes 89, noes 123.

So the motion was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS of Arkansas. Mr. Chairman, I am sure all of us feel just as the gentleman from Pennsylvania [Mr. SIMPSON]. He made an eloquent appeal to consider the taxpayers' interest, and that has a special appeal in times like these for I do not suppose there is a Member of the House that is not aware, as he goes among his own people, of the terrific burdens that they are carrying.

I have reacted affirmatively to the appeal. For example I followed my chairman before he was my chairman 2 years ago when he suggested a cut. He insisted in debate yesterday that it was a wise cut, but whether it was or not, I refer to it because it indicates that on the

majority side we are not lacking in the same sensibilities expressed by the gentleman from Pennsylvania.

I wish that the entire House could have heard the proceedings of our committee in the serious and conscientious examinations of this very question as to how far we can go with the defense programs without impairing the economic system of our Nation. I asked Secretary Lovett directly, and instead of giving me an emotional response or partisan answer he said, in effect, "I do not know, Mr. Congressman, how far we can go, and I am not offering advice to the Congress as to cuts in the annual budget. I only point out as you weigh the problem in your own minds, any cut at all means buying that much less security." That was an honest, fair answer, and I think it was a correct answer. It posed a difficult question for the committee. Do not forget that we resolved it by a cut of approximately a billion dollars before reporting this bill.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Montana.

Mr. MANSFIELD. I think the gentleman is making a very fine statement and I feel certain that he will back up what I am about to say, to wit, that all of the military people who appeared before us said time and time and time again that they thought that the defense support was at least as important as the military end-items program, and some of them said it was more important. Now if we are going to save taxpayers money it seems to me that on the basis of what our chairman, the gentleman from South Carolina [Mr. RICHARDS] brought out, we get \$3 for each one invested and we get away from the possibility that this program may continue longer than anticipated, because we want to get out of this program as soon as possible, and the only way we can do it is to build up on the basis of economic support at the present time which, in my opinion, is the most important part of this aid program to Western Europe.

Mr. HAYS of Arkansas. I do agree, and I hope the House will hear us also on the point, that there is no substantial distinction between defense support and military end items when we consider the total purpose and the real objectives of this legislation. At page 1061 you will find the defense support figures well documented, certainly the point made by the gentleman from Montana, that \$1 off of defense support means a loss of \$3 in the defense program of the NATO countries. There is no question about that.

Now, Mr. Chairman, much has been said about the spending of money elsewhere than at home. The gentleman from South Carolina [Mr. DORN] had a good deal to say about that. My friends from Minnesota—and they are all my friends—will not object when I refer to a personal incident which illustrates my own point of view. A member of my family became seriously ill. They went to Minnesota for treatment. It was necessary for our family in Arkansas to send some money to members of our

family in Minnesota. Now I would rather have had the money spent in Arkansas for Arkansas doctors, but every dollar sent to Minnesota was willingly sent because my family was there, and the help was needed there, and it could help my family only as it was expended there.

Half of all the men and women in American uniform are in other parts of the world. Talk to me about having no constituency concerned with this program. If the members of our Armed Forces are in danger as the result of the spread of aggression, I will have failed a million and a half constituents if I failed to provide a strong defense at their side. No, I do not have a single Iranian in my district; we cannot help ourselves politically by helping the Middle East but I can help the families of our fighting men to that extent and they are our constituents.

I know you will not misunderstand me. I am not asking our Republican friends to pull their punches. I recognize of course that they are holding us to a strict rule of accountability, but this program has been screened, and we come to you with this because we believe the peril is great, and if it is great, then we do not want any half measures. If the peril is not great, if we are wrong about that we ought not to spend anything. We are proposing these sums because we believe American interests are involved, and only for that reason.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD].

Mr. RICHARDS. Mr. Chairman, if the gentleman will yield just a moment, I will give him a minute of my time.

The CHAIRMAN. The chairman of the committee is entitled to close debate.

Mr. RICHARDS. I was not rising for that purpose, Mr. Chairman, I was going to make a statement to the House, but I will wait until the gentleman finishes.

The CHAIRMAN. The gentleman can yield if he so desires.

Mr. CRAWFORD. I yield to the chairman of the committee.

Mr. RICHARDS. Will the gentleman yield for me to make a motion?

Mr. CRAWFORD. Before I speak? No.

Mr. RICHARDS. I want to say this: I do not want to appear dilatory or anything like that, but as to this business of the Committee rising a little earlier in the afternoon when the leadership on both sides agreed that we would rise about 5:30, I took the responsibility of telling some Members there would be no vote. I had no authority to do that, but I gave them my opinion that there would be no vote this afternoon on these amendments. For that reason, at the proper time I will make another motion that the Committee rise.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. MARTIN of Massachusetts. When the unanimous-consent request was made to vote in 30 minutes, why did not the gentleman say it then?

Mr. RICHARDS. The unanimous consent was not to vote, it was that all debate end at that time.

Mr. MARTIN of Massachusetts. It certainly was to have a vote.

Mr. RICHARDS. It was to close debate, and some of the Members did not use their time. I thought it would be just about 5:30.

Mr. MARTIN of Massachusetts. Certainly the gentleman had an opportunity to explain his position at that time, when unanimous consent was asked.

Mr. RICHARDS. I am explaining honestly my position.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Indiana.

Mr. HALLECK. I was present when the understanding was arrived at about the Committee rising at 5:30, and there was no suggestion at all about not voting. When the limitation was fixed at half an hour, obviously we were going to vote. If we had wanted to do it, it would have been in order to move, even as of now, that all debate close on this amendment and all amendments thereto, but we have not undertaken to do that.

Mr. RICHARDS. If I may say so, it was the consensus of opinion of those there that there would be no vote here this afternoon.

Mr. MARTIN of Massachusetts. I was there and I had no such opinion.

Mr. CRAWFORD. Mr. Chairman, in view of the time consumed by other Members in this discussion, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, I am for the Davis amendment, for a cut of \$1,000,000,000. If that fails I am for the Vorys amendment. I am for any amendment that will cut this bill in any part, or in any way whatsoever.

The gentleman from Pennsylvania [Mr. FLOOD], and I say this in all kindness and consideration, gave us some headlines a while ago. Do not overlook the fact that when we entered the United Nations Organization and established its headquarters up in New York we set the stage for our people to be bullwhipped and aggravated and chastised every minute of their lives by the headlines rolling in about the emergencies all over the face of the globe. We will have these emergencies and headlines as long as we are mixed up with these international affairs in our efforts to rule the world. We might as well get accustomed to that.

The headlines today are no worse than they were 3 weeks ago or 3 months ago or 2 years ago, and they will be just as bad 2 months from now or 6 months from now or 6 years from now, no doubt about that. We live too much on headlines; millions of our people seek them, read them, look forward to them.

Our armies are scattered all over the world because public opinion in this

country and public opinion in the Congress sent them there through endorsing the programs of previous and present administrations. I do not think we are accomplishing very much in those other parts of the world. I do not have very much confidence in this over-all program. I am not afraid to state my convictions on it, and I have always been taught that the fellow who has firm convictions is entitled to speak first, before the fellow who has no convictions at all. I have the responsibility to state my position so that my people have no doubt about it. I hope the Davis amendment carries, and if it fails to carry, then let us support the Vorys amendment. Mr. Chairman, may I again say that I believe we have committed ourselves beyond our ability to pay. I again say I believe if we pursue our course it will lead us to general bankruptcy. The debate here today is filled with doubts; with fears about what the full outcome will be; whether or not we have made substantial progress thus far in spending the many billions of dollars we have taxed our people for, to send to foreign lands. We live in hope, and while we wait, we spend and waste and spend again until the whole performance becomes fantastic, confusing to our people, and weakens our whole fabric of life. It is time to set the brakes.

Mr. RICHARDS. Mr. Chairman, I move that the Committee do now rise.

The question was taken, and the Chair being in doubt, the Committee divided, and there were—ayes 109, noes 123.

Mr. RICHARDS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. RICHARDS and Mr. VORYS.

The Committee again divided; and the tellers reported there were ayes 134, noes 135.

So the motion was rejected.

The CHAIRMAN. The gentleman from South Carolina is recognized for 10 minutes to close debate on the pending amendment.

Mr. RICHARDS. Mr. Chairman, these are very important amendments to title I of the bill. The gentleman from Ohio proposes an amendment that cuts defense support about \$600,000,000. The gentleman from Georgia has offered an amendment to cut \$1,000,000,000 from the defense-support funds. The gentleman from Pennsylvania [Mr. FULRON] has offered a substitute amendment cutting it about \$300,000,000.

As I told the House yesterday, the executive department recommended for defense support the sum of \$1,819,200,000. Our committee cut that \$181,900,000, a reduction of 10 percent. We cut military end-items 20 percent.

Mr. Chairman, this country embarked upon a program for economic recovery in Europe. We asked that the Marshall plan expire in 1952 and I say it has expired. We embarked on another program for mutual security. We pledged to the nations of Europe that if one of them were attacked we would consider ourselves attacked. We pledged our

word and we embarked upon that program.

I am convinced that we have already cut defense support to the point where it would not be safe to cut any further and still be in the best interests of our country. I think funds spent for defense support will help us save dollars in years to come. That is my honest belief. I want to assure you, as chairman of the Committee on Foreign Affairs, that I would never come before the House in the face of what I told you last year and the year before and ask for defense support unless it were essential to the defense program in Europe and unless we could save American dollars by providing this form of aid.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Montana.

Mr. MANSFIELD. Is it not true that on the basis of this legislation we anticipate this program ending in June 1954?

Mr. RICHARDS. That is correct.

Mr. MANSFIELD. Is it not true also that if we do not go through with this program according to schedule it is very likely it will be lengthened out and in the long run we might have to keep our troops in Europe longer than we anticipate?

Mr. RICHARDS. That is right, 100 percent.

Mr. MANSFIELD. I thank the gentleman.

Mr. RICHARDS. Mr. Chairman, in order that all Members who are so vitally interested in this problem and these three amendments, and who want to vote on them, may have the opportunity, I move that the Committee do now rise.

Mr. MARTIN of Massachusetts. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. MARTIN of Massachusetts. The gentleman's motion is dilatory. He has already made that motion twice.

The CHAIRMAN. There has been debate since that time.

Mr. MARTIN of Massachusetts. It has only been 10 minutes ago that he made a similar motion. It is dilatory when you make it twice within 10 minutes.

The CHAIRMAN. The question is on the motion offered by the gentleman from South Carolina.

Mr. RICHARDS. Mr. Chairman, I demand a division.

Mr. MARTIN of Massachusetts. I demand tellers, Mr. Chairman.

Tellers were ordered, and the Chairman appointed as tellers Mr. RICHARDS and Mr. VORYS.

The Committee divided; and the tellers reported that there were—ayes 138, noes 160.

So the motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. DAVIS] to the amendment offered by the gentleman from Ohio [Mr. VORYS].

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that the amendment, the amendment to the amendment, and the substitute be read.

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Chairman, why not read the one we are voting on now and read the other two later?

Mr. RICHARDS. I just wanted to see what they were.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Chairman.

The CHAIRMAN. Without objection, the amendment now to be voted upon will be reported by the Clerk.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Georgia to the amendment offered by Mr. VORYS: Strike out "\$1,022,000,000" and insert "\$637,300,000."

The question was taken; and on a division (demanded by Mr. DAVIS of Georgia) there were—ayes 117, noes 167.

Mr. DAVIS of Georgia. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. RICHARDS and Mr. DAVIS of Georgia.

The Committee again divided; and the tellers reported that there were—ayes 117, noes 157.

So the amendment was rejected.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Pennsylvania [Mr. FULTON]. Without objection the Clerk will again report the substitute.

There was no objection.

Mr. FULTON. My \$300,000,000 amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON as a substitute for the amendment offered by Mr. VORYS: Page 15, line 7, strike out "\$1,639,300,000" and insert "\$1,337,300,000."

The CHAIRMAN. The question is on the substitute offered by the gentleman from Pennsylvania.

The substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. VORYS]. Without objection the Clerk will again report the amendment.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 15, line 7, strike out "\$1,637,300" and insert "\$1,022,000,000."

The CHAIRMAN. The question is on the amendment.

Mr. RICHARDS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. RICHARDS and Mr. VORYS.

The Committee divided; and the tellers reported there were—ayes 163, noes 116.

So the amendment was agreed to.

Mr. RICHARDS. Mr. Chairman, I move that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. RICHARDS) there were—ayes 134, noes 146.

So the motion was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 14, line 20, strike out the semicolon

and insert a period and quotation marks in lieu thereof, strike out the remainder of line 20 and lines 21, 22, and 23; and on page 15, strike out lines 1, 2, and 3.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, this amendment strikes out language running throughout the bill providing millions and millions of unexpended and previously authorized funds to be added to the billions called for in this measure.

It appears that at least \$12,000,000,000 remain in the till, unexpended, according to small-print and virtually buried statistics which Truman is compelled by law to furnish Members of Congress.

And there seems to be another \$9,000,000,000 or so in foreign currency in scattered countries, unspent and theoretically available in the form of so-called counterpart funds.

Therefore, the grand total of unspent foreign-aid funds stands at between twelve and twenty-one billion dollars, proof that we have about as much use for appropriating another \$7,000,000,000 as we have for a hole in the head.

This twelve to twenty-one billion dollar foreign aid kitty is controlled by the Mutual Security Administration, successor to the Economic Cooperation Administration—ECA—which was initiated in 1948 on Truman's promise that it would die in 1952. As it turned out in 1952, only the name, ECA, ended. Mutual Security took over the rest—buildings, personnel, desks, telephone numbers, and so forth—and your tax dollars at the rate of six to ten billion dollars a year.

Understand clearly that Mutual Security is neither mutual nor security. There is nothing more mutual about the Mutual Security Program than there was cooperation in the Economic Cooperation Administration, with the outgo of American dollars and natural resources in both instances a one-way, dead-end alley, with little or nothing in return.

Significantly, the Mutual Security Administration is headed by W. Averell Harriman, who, as right-hand stooge of the past two Presidents, has made a career of throwing away the taxpayers' money. Naturally, then, he is the most active member of the international lobby intent on flim-flamming American taxpayers out of another \$7,000,000,000 to be spewed abroad.

Now here is a postscript to this situation. The Truman administration claims to have earmarked about \$9,500,000,000 for foreign military aid, but in the previously referred to small-print balance sheet, the spenders have to admit that only \$1,800,000,000 has actually been delivered in the form of military equipment.

This, added to former Head Mobilizer Wilson's wail that our own military production program is many months behind schedule, makes it clear that we cannot produce fast enough to use up the money already appropriated for our domestic military commitments, much less for foreign commitments. But the spenders still insist on more tax dollars.

A vote for this amendment should save the taxpayers billions of dollars. I hope the amendment will have the support of all those who are interested in the solvency of the United States.

Mr. BUSBEY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Illinois.

Mr. BUSBEY. According to the committee's own report on pages 30 and 31, they have as of February 29, 1952, over \$9,000,000,000 of unexpended funds on military assistance and almost \$12,000,000,000 of unexpended funds on economic and technical assistance. That is according to their own record.

Mr. GROSS. The gentleman from Illinois is absolutely correct and I thank him for his observation.

Mr. RICHARDS. Mr. Chairman, I am not sure that I get the full import of the amendment. The gentleman has talked about unexpended balances at the end of the fiscal year. As a matter of fact, there will be about \$8,945,100,000 unexpended funds on June 30 this year. Out of all that, there will be about \$400,000,000 in unobligated funds.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. MANSFIELD. The Chairman is correct. Something like \$350,000,000 will be unobligated on June 30 of this year, and the moneys which the gentleman from Iowa would seek to strike out of the authorization are moneys appropriated and authorized for long-lead items which take 1, 2, and 3 years to manufacture. If the gentleman wants to kill the bill, this is a good way to do it.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. VORYS. Is it not true that we found out during the course of the proceedings on the bill in committee that by other laws obligated funds do not need to be reappropriated? Therefore, as I get the effect of this amendment, it would do one of two things. It might possibly be very paralyzing, but what I think it would do would be to simply invite the departments to hurry up and obligate the unobligated moneys because under other laws, as long as the money is obligated, it is the same as spent.

Mr. RICHARDS. The gentleman is correct. Under existing legislation, obligated funds may be spent in 2 years.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. JUDD. I just wanted to make the same comment, that if we really want to throw away a lot of money, which I do not believe the gentleman from Iowa wants to do, you should vote for his amendment because you will guarantee they will jam through these applications before June 30, especially in view of the cuts that have been made. That is the quickest way to throw away money that I have heard of in a long time.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. GROSS. Does the gentleman mean to say that the money will not be

spent anyway? Does the gentleman mean to say the money will not be spent? If this amendment is not adopted, it will be spent; will it not? The House has to put a brake on this, and it should adopt this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The question was taken; and on a division (demanded by Mr. GROSS) there were—ayes 21, noes 138.

So the amendment was rejected.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMS of Mississippi: On page 15, line 4, strike out all of lines 4, through 14, inclusive.

Mr. WILLIAMS of Mississippi. Mr. Chairman, the purpose of this amendment is not to reduce foreign economic aid. The purpose of this amendment is to cut economic aid out entirely.

A few moments ago we voted on several amendments which would reduce the amount of economic aid that we are giving to these recipient countries. In my opinion, the granting of any economic aid to these countries in continuation of the Marshall plan, which was started in 1948—and I understand this is a part of the Marshall plan—is nothing more nor less than breaking faith with the American people. How well I remember what happened back in 1948. The members of the Committee on Foreign Affairs, the then chairman of the committee, and the distinguished gentleman from South Carolina [Mr. RICHARDS], who is now chairman, and other members of the committee said in effect: "If you will just dig down in the American people's pockets and force them to pay foreign aid for 4 or 5 years, we will not ask for any beyond 1952." That was known as the Marshall plan. Then, in 1951—to get around that—they brought in a bill to change the name of the Marshall plan and continue it under the name of Mutual Security Program.

You are either for continuing economic aid or you are opposed to it. This bill is divided, as I understand it, into three parts. One is economic aid; the other is the point 4 program, and the other is military aid.

The amendment which I have offered strikes at economic aid only.

The gentleman from Minnesota [Mr. JUDD], a few minutes ago, stood before the House and said if you adopted the amendment that I was going to offer you would be cutting 10 divisions from the European army. Using his own figures on that, if we can get 10 divisions for \$1,500,000,000, then we ought to have 3,000 divisions standing over there now against Russia, because we have spent \$40,000,000,000 in the last 6 or 7 years on it. That is simple arithmetic.

Using the same figures and applying them to the remarks of the distinguished gentleman from South Carolina [Mr. RICHARDS], who said that every dollar we spend on economic aid was bringing us three and one-half in military aid, then today we ought to have an army

standing in Europe, of Europeans—not Americans—worth \$140,000,000,000.

Now, this business just does not make sense to me. I think the time has come to stop this international WPA that we have been operating at the expense of our people. The American taxpayer does not have any choice. He has to dig down in his pocket and pay. If he does not, he goes to jail. He does not mind spending money to defend himself, but I do not think we have any authority, under the Constitution of the United States, to exact money from the pockets of the American taxpayer for the purpose of spending it on unexplained projects abroad.

I hope this amendment will be adopted.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I yield to the gentleman from South Carolina.

Mr. RICHARDS. Will the gentleman vote for this bill if this amendment is adopted?

Mr. WILLIAMS of Mississippi. If this amendment is adopted the rose will smell much sweeter.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. MANSFIELD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is not a laughing matter; and I am quite certain that the gentleman from Mississippi would not vote for this bill if this amendment were adopted. You have already voted three times on this particular section. The gentleman from Georgia tried to cut it by a billion dollars; the gentleman from Pennsylvania tried to cut it by \$300,000,000, and the gentleman from Ohio [Mr. VORYS], did cut it by \$600,000,000.

The gentleman from Mississippi wants to cut out the whole sum, \$1,639,300,000; and then if that were cut out he still would not vote for the bill; in other words, he is just opposed to this bill in its entirety, and he is not trying to seek a reasonable means by which the objectives of this legislation can be accomplished. I want to repeat what the distinguished gentleman from Massachusetts [Mr. HERTER] has already said.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield at that point?

Mr. MANSFIELD. Surely.

Mr. WILLIAMS of Mississippi. The gentleman has intimated that I am attempting to destroy this thing.

Mr. MANSFIELD. I am not intimating it; I am saying it.

Mr. WILLIAMS of Mississippi. Well, I am; I am.

Mr. MANSFIELD. And you are admitting it.

Mr. WILLIAMS of Mississippi. And I am attempting to keep faith with the American people, because we told them in 1948 that this thing would wind up in 1952.

Can the gentleman tell me when it will stop?

Mr. MANSFIELD. If the gentleman will let me continue I will try to answer his question.

It is true that the Marshall plan as such was supposed to end on June 30,

1952. The Marshall plan has ended prior to that time, and what we have before us is the mutual security assistance program based primarily—

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. Pardon me—based primarily on what happened in Korea and what has happened since to the free world.

This is a serious matter, because it is tied up with the defense of this country; and I urge you, please, think this thing through and do not treat this matter lightly.

We are not interested in Western Europe because of Western Europe or in Asia because of Asia; I am interested in this program because I am interested in the defense, in the welfare, and in the security of the United States of America; and with me that comes first all the time.

As far as this particular section is concerned, as the chairman of the Foreign Affairs Committee has said, this will repay itself two or three times over, because all we are trying to do is to get our friends in Western Europe strong enough so that they can carry on their own armament program, and so we can, under the legislation enacted last year, get out of this particular burden by 1954; that is the termination date.

As far as the Marshall-aid program was concerned, that was for the economic rehabilitation of Europe. As far as this particular program is concerned, it is for the rearmament of Europe, so that its people can become strong enough to look after their own interests, take care of their own defense, and so that if this program works out according to schedule we can, according to General Eisenhower, begin withdrawing American troops in 1953 or 1954.

If you drop this section, it means that we will have to put that much more in the way of our tax dollars into our own defense; the money which we are spending under this program in Europe is in our own behalf primarily. Please keep that in mind all the time.

Mr. Chairman, I yield back the balance of my time.

Mr. JAVITS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think it is very clear as to what will be the view of the Committee of the Whole on this amendment by the action which it took regarding the Davis amendment. I would not be bold enough to take this time were it not, I think, necessary in fairness to this bill.

We have had some differences of opinion along strict party lines as to the Committee's rising. I think it would be extremely worrisome to the people of our country and the people of the world if in a mood of irritation or a mood of just swinging with what seems to be a rushing tide we lost our sense of judgment.

Now, we are talking about Europe. Here we have a proposal to destroy what would be a very fundamental element in the whole defense of Europe—defense support. A lot of people here talk about what General Eisenhower

has said and what he did not say. I think perhaps it might be a sobering moment to read just a few sentences of what he did actually say in his own words with respect to this very bill.

Before I read this, may I say it does not criticize anybody, it takes full account of the fact that action may be taken such as the Committee has already taken in trimming this program to what it thinks it ought to be. But such action we are being asked now by the pending amendment to take would not be in accord with General Eisenhower's view and would represent a grave setback to everything we are considering today in terms of national and free world security.

Let me read you a very few lines from a dispatch dated May 12, 1952, to a Senate committee, in which the general stated:

It is clear, however, that the retardation in the build-up of forces which would be necessitated by a cut of the size already proposed would have what would necessarily be classed as a substantial impact in this area. We would of course attempt to make adjustments compensating for this action but would expect to encounter a series of difficult problems, especially with respect to rephrasing the related preparations of our European allies. Any reduction substantially greater would add an even more difficult type of complication to our problems here. While I am unable to establish the level at which these retardations could be classed as directly damaging to the security of the United States, I am sure that anything materially greater than the billion mentioned their effect would be profound both in discouraging our friends and in encouraging those potentially hostile to us.

I have repeatedly stated my view that we should build toward adequate levels of strength but only as rapidly as our economic capability permits without endangering its basic soundness. Our security objective should be to shift to a sustaining type of operation with its substantially lower costs as quickly as we can.

Mr. Chairman, the defense support idea is built upon shifting to a "sustaining type of operation with its substantially lower costs" as quickly as we can. If we destroy that, then we are destroying free Europe's ability to do the maintenance job which we expect them to do as soon as the peak of defense preparation is reached.

Let me go now to another point. We are asking free Europe to do a great deal. We are talking here in very broad, general terms without any recognition of the other fellow's problems. Europe's standard of living today is something like one-third of our own. That is true of France and Great Britain. I invite your attention to the fact that by the obligations which it has undertaken at Lisbon to arm, further, free Europe's standard of living—in Great Britain and in France—will be further reduced even if we give them all of the defense support. In Great Britain the already starkly austere standard of living has to go down 3 percent more even with defense support. If we deny them defense support it will go down one eighth. In France if we deny defense support the standard of living of the French people, already so dangerously impaired, will go down by another 6 percent.

What do we expect these people to do? Do we expect them to be on the first line of danger against Communist aggression from the east and yet to be further ground down, to have their standard of living further reduced when they can look across to the United States and see that we have appropriated over \$60,000,000,000 for our own armament and have a standard of living twice and more better than theirs? Yet we feel that we cannot afford them \$1,000,000,000 for help to a sound defense economy and for the armament production which we are asking them to undertake.

I do not think that we should entertain seriously amendments of this kind or we will be giving our European allies a rebuff which they very well can resent. Remember that there are many people in free Europe who are really giving the dangerous counsel that Communist aggression is inevitable anyhow; that the Americans are going to desert Europe as they did after World War I, and that Europe might as well make the best bargain it can.

We are not entirely on peaches and cream in this situation either and I seriously urge my colleagues—and if they need any reminder—of the grimness of the peril we face that they heed the notice General Ridgway gave to them this morning in pointing out the number of aggressors still around armed and shooting. I urge my colleagues to keep their balanced judgment on this whole business of indiscriminate cutting.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. WILLIAMS].

The amendment was rejected.

Mr. JUDD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD: On page 15, line 3, after "authorized", strike out the period and insert in lieu thereof a colon and the following: "Provided, That after June 30, 1953, not less than 75 percent of the assistance provided by the funds authorized in this paragraph shall be used or distributed by the organization referred to in section (c) of the last sentence of section 2 (b) of this act."

Mr. JUDD. Mr. Chairman, let me first explain this amendment by asking the Members to turn to the bottom of page 13 and the top of page 14. On the bottom of page 13 of the bill it says, "Appropriations made pursuant to paragraphs 101 (a) (1) relating to military assistance, and 101 (a) (2), relating to defense support and economic assistance may be used," and then over on line 3, page 14, "to furnish assistance—to any of the following organizations: (A) The North Atlantic Treaty Organization; (B) the European Coal and Steel Community"; that is the Schuman plan organization; and "(C) the organization which may evolve from current international discussions concerning a European Defense Community."

My amendment provides that after June 30 next year not less than 75 percent of the assistance given in this paragraph shall be used or distributed through this organization that is being worked out right now in Europe, called the European Defense Community. You

are reading about the contractual agreement and treaty and protocol that our representatives and the French and the West Germans and the Italians and the three Low Countries are endeavoring to create. It would make official a West European army out of the defense forces of these six countries with a common military budget, a common uniform, a common defense plan, and a common command. These six countries are on the Continent. England has said she wants to keep her European forces separate. The Scandinavian countries want to keep theirs separate. The purpose of this amendment is to throw our encouragement and support behind those people in Europe who are insisting on getting together as closely as possible.

May I remind the House, if it will indulge me, that in the original economic cooperation bill of 1948 I offered an amendment saying that it was the policy of the people of the United States to encourage the economic unification and political federation of Europe. It was defeated, and the strongest word in that act was the word "cooperation." On April 11, 1949, I offered the same amendment again and it was defeated. But later that year in the Mutual Defense Assistance Act our committee put the words "unified direction and effort." The next year, 1950, I offered the same amendment again and it was rejected, but the committee did accept the phrase "to encourage the further unification of Europe."

Last year, 1951, I offered the same identical amendment and it was at last adopted, and the MSA Act stated as one of its purposes "to further encourage the economic unification and the political federation of Europe."

When the bill came before us this year, written by the administration, it had those words in it. Section 2 reads:

The Congress welcomes the recent progress in political federation, military integration, and economic unification in Europe.

It is the same as my 1948 amendment with the addition of "military integration."

I believe it is now past time to use more than words and throw our actual assistance behind this movement. It is fast by the standards of previous years, but too slow for the urgent needs of our day.

There are some countries in Europe that are pushing ahead in the front rank, and some are lagging back. This amendment throws the weight of our influence behind the real pioneers in Europe who realize clearly they will have to hang together or they will all hang separately. It merely says if the European Defense Community has become a reality by next year, those countries not in it will have to get some of their assistance from us not directly, but through this European Defense Community. Twenty-five percent can be parceled out by us to countries individually, but 75 percent of our aid after this coming fiscal year will be given to the European Defense Community to be used or distributed by it in such ways as its members and we decide are most beneficial and effective in building up the defense of Western Europe.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Montana.

Mr. MANSFIELD. Am I correct in my understanding of the gentleman's amendment that not less than 75 percent will be allocated to the European defense community?

Mr. JUDD. Yes, to be used or distributed by it.

Mr. MANSFIELD. What about the Swedes and the Norwegians and the Danes?

Mr. JUDD. The organization does not have to use it all for itself, it can distribute part to other countries in whatever amounts it and we decide contributes most to the strongest defense of the area. A united effort is the only way they will get a real defense of Western Europe.

Mr. MANSFIELD. But only six countries are affected. What about the others that belong to NATO?

Mr. JUDD. The others can join the six countries if they want to or get aid through the EDC. Besides 25 percent can be given to them directly by us; but at least 75 percent will have to be given to this organization of six countries to be used by the organization or to be distributed by it to the other countries that are not in it, in such manner as in the judgment of those who are developing this cooperative defense organization, is the best way to get security in Western Europe.

Mr. MANSFIELD. Here you have 12 European countries in NATO. The gentleman is talking about five and Germany. He would allow 75 percent of the funds to be spent in those countries, leaving 25 percent at the most for the other seven countries which comprise the NATO organization. Yet this is a bill, as I understand it, to back up the North Atlantic Treaty.

Mr. JUDD. Our effort ought to be to back up mainly those people in Europe who want to get together because that will give the strongest defense. I feel sure the European Defense Community would love to have the British come in and the other six countries, too, if they want to come in.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from New York.

Mr. JAVITS. Is it not a fact, and the gentleman will agree with me, that the British are the strongest element of European defense? What the gentleman is proposing, therefore, is that they be forced into the European defense machinery.

Mr. JUDD. No, they are not going to be forced into it, but if the European countries that are to bear the brunt of an attack and we believe that the bulk of the aid and the military strength ought to be concentrated on the Continent, and the British are not willing to cooperate in such a program, then I do not think they should be given quite the same priority, unless the EDC countries believe they will get more actual defense for themselves by giving more to the British. Surely they are as anxious for

a strong European defense as we are. I believe this amendment will help achieve the unity which every student of the subject says is absolutely necessary if they are going to be able to defend themselves.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Georgia.

Mr. COX. I would hate to see the Committee take quick action on this amendment. I think I know just a little bit about what the gentleman is discussing. I believe if he had an opportunity to present the question to this Committee, and give them an opportunity to understand just what is involved, the Committee would pretty unanimously support the position he is taking. I think the ranking minority member of the committee understands, and he is supporting the amendment. This House sent a delegation abroad last year to meet with these countries in considering some plan for unifying. What the gentleman is offering is the product of that meeting.

Mr. JUDD. Yes, and the gentleman from Georgia was a most valuable member of that delegation. Some would say, as did so many in 1948, 1949, and 1950, "We must not do this, we must not do that to offend or pressure these countries or appear to impose our will on them." This amendment does not do that. Almost every European leader over there, as you well know, said frankly that they could not be strong until they were united. Several of them said, "We wish the United States had thrown and would throw the weight of its influence and its assistance on the side of those who want most to unite." Let us not be too little and too late again on this important essential for the success of the whole program.

(On request of Mrs. KELLY of New York, and by unanimous consent, Mr. JUDD was allowed to proceed for one additional minute.)

Mrs. KELLY of New York. Do I understand correctly, Dr. JUDD, that after June 30, 1953, you want to give the NATO organizations the right to disburse 75 percent of the money?

Mr. JUDD. No. I want not less than 75 percent of the assistance given under this section of the act, after June 30, 1953, to be used or distributed through the European Defense Community.

Mrs. KELLY of New York. Then the gentleman means that it shall be distributed?

Mr. JUDD. That is right.

Mrs. KELLY of New York. In other words, they can distribute our money?

Mr. JUDD. No, not our money, but our assistance. For instance, there are some \$3,300,000,000 of military aid. None of it goes as money, but as tanks and planes and rifles and machine guns.

Mrs. KELLY of New York. But you would give them that right, and you would give them that permission.

Mr. JUDD. Yes, what is the Defense Community for if it is not to be trusted to handle the aid agreed upon by it and our own people? Who is the head of the European Army? General Eisen-

hower has been the head of it, and General Ridgway is to be the new head of it. I trust them. In addition, it has been my observation that Europeans are generally more hard-boiled and practical with each other than we are. This is the kind of support they need from the United States to get the unity that they all say is necessary in order to get a real defense.

Mr. JAVITS. But the European Defense Community is not in existence, and it is not headed by Eisenhower or Ridgway.

The gentleman's amendment does not say NATO. It says EDC, which is something very different.

Mr. JUDD. No, it says "the organization which may evolve." If there is no such organization, then this amendment would not become operative. But at least 75 percent of the aid would go to the organization they are in the process of trying to evolve, and which we want and need to encourage and help.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that the gentleman may be allowed to proceed for two additional minutes.

Mr. STEED. Mr. Chairman, I object.

Mr. RIBICOFF. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in opposition to this amendment. As a general proposition, I do not think there are any two men in the Committee on Foreign Affairs who agree more than the gentleman from Minnesota and myself. Usually I find the gentleman from Minnesota a very realistic individual. What are we faced with today? I am not so sure that the European defense community concept is going to succeed. There are many things that remain to be done in spite of Lisbon. Each one of the European parliaments have to approve the European defense concept. Constitutions have to be changed in these European nations. A great danger still faces the United States, in my opinion, if the European defense community fails. Although I hope it will succeed, yet there remains much to be done despite General Eisenhower, and Averell Harriman, and the architects who seek to build this program. If the European defense community fails, and if the European defense army fails, then the United States will be in a much tougher position than it would be if the European defense community were successful. Under those circumstances, it would become necessary for the United States if it is to remain a great power to enter into the old fashioned balance of power politics. It will become necessary for the United States at that stage of its life to enter into bilateral agreements with England. It will be important for the United States to enter into bilateral agreements with France. It will be important for the United States to enter into bilateral agreements with any nation that has force and has strength and is willing to ally with the United States of America. It would seem to me that if the amendment of the gentleman from Minnesota were adopted, the United States would be saying that we just do not want any more allies,

and we are really going it alone. For the gentleman from Minnesota, who is so aware of the facts of international life today to throw away the question of getting an accretion of the United States power and preventing the raising of Soviet power is surprising. The adoption of this amendment would be a complete negation of everything that we are trying to do in this bill.

I hope we can eventually get a European defense community. I hope that Europe would unite. I am realistic enough to know that Europe may not unite. I am aware of what is going on in Germany today, and the possibilities in France. Grave issues are being weighed. Great conflicts exist internally within these countries which may cut off the European defense community before it is born. Under those circumstances I say to the gentleman from Minnesota [Mr. Judd] and to this House that we in this Nation should not tie our hands in such a way that we deliberately cut ourselves off from all potential allies.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Minnesota.

Mr. JUDD. I have here on page 4391 of the CONGRESSIONAL RECORD of April 11, 1949, a speech by my friend from Connecticut which is almost a duplicate of what he has said today. The gentleman rose in opposition to my unification amendment then. He said, "Harmless as the amendment may sound, it has within it dangerous implications." He said "We are treading on European sovereignty and playing right into the hands of the Communists." Yet, 3 years later the State Department brings us a bill with exactly the same language as that which the gentleman said was dangerous 3 years ago. It was too bad that we lost those 3 years. This amendment does not seek to impose our will on them. It is not being truculent, or imperialistic, or browbeating. It merely says we want our money to be used in the way that will produce the greatest amount of defense in Europe. That requires an army of Western Europe. The boldest pioneers in Europe said to us, "Make us unite and you will be safe; but we cannot unite unless you put pressure on us."

Mr. RIBICOFF. I would say to the gentleman that one of the great weaknesses of the foreign policy of the United States is the insistence of our architects that they are always right. I would say the people of this Nation would be better off if the leaders would say themselves what we are seeking to accomplish as a nation. You cannot have a 100 percent batting average in all of these concepts of foreign policy. Events are marching much faster than words. If the European defense community, as conceived in Lisbon, is not successful, I certainly want allies wherever I can find them.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. VORYS. Mr. Chairman, I rise in support of this amendment.

I drafted the amendment and prevailed upon my colleague [Mr. Judd] to

offer it, for two reasons. One is that he has been a pioneer in this movement toward unification. The other is he was a member of the group of 14 who were at Strasbourg. I was not a member but I went down there and saw them at Strasbourg in their meeting with representatives of the Council of Europe. I heard the unanimous report of the Senators and Congressmen saying substantially, "We regret that all we hear is excuses why they cannot unite instead of reasons why they are going to." Our committee said, on page 13:

Only by unification will Europe finally be able to defend and support itself.

General Eisenhower in his report says substantially the same thing. There is no hope for Europe, in peace or in war, unless they unite.

What do we do by this amendment? We simply say to Europe, "You have got another year from the coming June 30, and if by that time you have not done the things that Eisenhower and all of your own statesmen say you must do to save yourselves, then there will be only 25 percent of the stuff delivered."

As a matter of fact, right now 64 percent of our military equipment is going to the six nations that would be in the European defense community.

Sixty-four percent would be going there and thus only 11 percent is involved here. This would mean that the organization which may evolve from Lisbon would have 75 percent for use or distribution. That would mean that nations that were not in the organization, to the extent of 11 percent, might have to ask this new organization for arms. I note my colleague, Judge SMITH of Virginia, who was there at Strasbourg. Let me point this out. Here is a headline appearing in a New York paper today: "Deadlock delays six-nation treaty on European arms."

Are they never going to get together? We have written in the Zablocki amendment strong language, to have the Administrator do something about it. What we do by adopting this amendment is to say, "Come a year next June you have got to be together."

The gentleman from Connecticut says that if they never get together we will go on and defend ourselves over there. I do not think so. I think as Secretary Acheson said to us in our committee, this is a year of decision, a year of destiny in Europe. This is not a time when things can stand still; they have got to move forward or they will fall apart. This is, therefore, the year that Europe meets her destiny; and when we say to them that 75 percent of this military equipment will be available for this new organization we are encouraging them to unite and we are letting them know the seriousness of the situation if they do not get together.

I hope the amendment will be adopted.

Mr. RIBICOFF. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio may proceed for three additional minutes.

Mr. STEED. Mr. Chairman, I object.

The CHAIRMAN. The gentleman still has 1 minute of his own time remaining.

Mr. RIBICOFF. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. RIBICOFF. As a matter of fact, I do not think the statement of Mr. Acheson was correct. Does the gentleman from Ohio think that the statement of Mr. Acheson before our committee was correct?

Mr. VORYS. I think so; yes. I now yield to the gentleman from Virginia, whom I see on his feet.

Mr. RIBICOFF. And may I ask the gentleman—

Mr. VORYS. I have answered the gentleman's question; I think Acheson was right. This is a year of destiny and of decision for Europe.

Mr. SMITH of Virginia. I was not seeking to interrupt the gentleman; I want time in my own right.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. ZABLOCKI. I want to recall to the gentleman in regard to the action of the committee, the amendment which some members of the subcommittee which went to Europe sought to offer:

The Director shall insure that, where suitable or necessary to the success of the mutual security effort, that countries take adequate steps to mobilize their industries for mutual defense and gear their fiscal, budgetary, capital, political, and military resources to the objectives of this act and take appropriate other steps toward self-help and mutual cooperation.

Two sponsors of this amendment against it.

Mr. VORYS. No; I voted for that. I do not know whether the gentleman voted for an amendment similar to this when I offered it in committee. I suggest to the membership that you look at the Zablocki amendment and you will find that it contains strong language.

Mr. RICHARDS. Mr. Chairman, this amendment requires a good deal of study.

We do not know at this time whether we want to commit ourselves to the kind of organization that may evolve from what is going on in Europe. It is a very serious proposition.

If you do this you are weakening the hands of the generals in charge of our military activities over there.

I yield to the gentleman from Virginia.

Mr. SMITH of Virginia. I thank the gentleman.

Mr. Chairman, I think some of you know that I was one of that delegation at Strasbourg. The gentleman from Ohio knows that I do not think there was anyone in that delegation who was more severe in his overt criticism in the presence of those 16 European nations of the selfishness with which they approached this subject of unification. It is a tremendously big thing.

Gentlemen, it would be a tragic mistake to take this up in 5 minutes here and determine a question that may affect the future of all of the European countries. Let us take some time to

think about this thing. I do not even know what is in the amendment; I do not know what it would do.

The gentleman from Minnesota [Mr. JUDD] knows that I was just as strong for the unification of Europe as any.

Mr. JUDD. That is right.

Mr. SMITH of Virginia. And I berated them just as much as anybody over there did.

Mr. JUDD. This is not a berating amendment, rather it is holding a carrot before them; it just says "Come along into the European defense community. There are advantages."

Mr. SMITH of Virginia. Then we ought not to do this on the floor now.

Mr. JUDD. This has not come up just now, I may say to the gentleman.

Mr. SMITH of Virginia. I do not have the floor.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Minnesota.

Mr. JUDD. May I say this amendment was offered in committee and voted down by one vote.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. RICHARDS. Mr. Chairman, I appreciate the remarks made by the gentleman from Virginia.

Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion offered by the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman, on that I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. RICHARDS and Mr. VORYS.

The Committee divided; and the tellers reported that there were—ayes 133, noes 145.

So the motion was rejected.

Mr. ZABLOCKI. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was a bit amazed when this amendment was introduced because in truth I am for certain conditions and assurances to be written into the bill. Together with some of my colleagues, I sponsored amendments in committee that I had hoped would be accepted. When the committee saw fit not to accept the amendment we had offered I had prepared a substitute that the Committee on Foreign Affairs did accept, and it is explained in the report, on page 72.

At the proper time the committee will have another opportunity, for it is my understanding that the original amendment, slightly revised, will be offered at the proper place by one of the cosponsors, the gentleman from New Hampshire [Mr. MERROW]; and my colleague, the gentleman from New York [Mrs. KELLY] and I will speak at that point to the conditions contained in the proposed amendment are fair. What the gentleman from Minnesota [Mr. JUDD] intends at this point is very harmful to the program. The amendment provides that 75 percent of the money after June 30,

1953, will be disbursed by our allies, and allows only partial supervision and to a certain extent. I believe the Members of Congress do not intend to write a provision into the law that is as far reaching as the amendment we are considering at the present time. I hope his amendment is defeated so that we can properly amend this bill and put the assurances and the conditions that we all desire.

I am sure that all of us are fully cognizant of the fact that whatever the country, they want us to put on a few conditions. They want us to tell them what to do. They recognize the United States as the leader of the world. They know they have internal circumstances that are difficult for them to meet. They desire, that we tell them exactly what they should do to better their internal conditions and problems.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from New York.

Mr. JAVITS. Is it not a fact that though we all have the deepest regard for the gentleman from Minnesota [Mr. JUDD] and the thing he is trying to do, that is, to get Europe unified, we must recognize that this amendment will do at least two things which are very harmful and therefore require us to turn down the amendment: First, it will be an effort to drive the British into the European Defense Community. I think, as the gentleman from Virginia [Mr. SMITH] properly said, that is a momentous historic decision, and we certainly should not make it by just tacking this amendment onto this bill. That is obviously what is intended, because otherwise there just are not enough funds in this bill to provide for the British armament.

Second, is it not a fact that all procurement for 75 percent of the amount which is going to be spent after June 30, 1953, out of these funds will have to be held up for months, until the European Defense Community is fully ratified and approved and actually takes effect?

Mr. ZABLOCKI. The gentleman is absolutely correct.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Minnesota.

Mr. JUDD. Of course, it does not force the British into any constitutional federation or union with Europe. The British are not going into any federation. But it does give an incentive for them to come into a functional organization, which they themselves have said repeatedly was the kind of thing they were willing to do. Since the meeting in Strasbourg last fall, just a few weeks ago the British came out and did what they said they could not do in tying themselves to the Continent. They have guaranteed that if Germany were attacked they would come to her assistance. So they are actually moving in that direction. This gives further incentive.

Mr. ZABLOCKI. Does not the amendment in effect say to Britain, "If

you do not enter into a European defense army, unify politically, economically, and militarily, you will have a difficult time getting 75 percent of what is left after June 30, 1953?"

Mr. JUDD. No; it does not say anything of the sort. They can get as much of the aid as the European countries in the organization think they need to give the greatest over-all strength. The people of Western Europe want to defend themselves in the most effective way. That requires maximum unity. It says we are putting our support behind those who unify, who realize that it does not make sense for us to give a submarine to this country, a couple of tanks to that one, and a few planes to some other country to parade on its national holiday. Unless there is an Army, a Navy, and Air Force to defend Western Europe, there is no use of Uncle Sam's putting any money into it, because they will not have adequate defense. That is all we are trying to tell them. Those who get together we are willing to help. We have proved it. We have six divisions of our own men over there, and we have put tens of billions of dollars into Europe.

It is like a doctor saying to the patient who called him, "We will give you blood and penicillin, but there are certain conditions you have to meet in order to restore your health. We want to encourage and assist you in that. If you do not want to meet those conditions, that is all right, but you must get another doctor."

Mr. ZABLOCKI. Exactly. That is what I and my colleagues, Mr. MERROW and Mrs. KELLY, had hoped to do with our amendment in committee. However, I seriously regret that Mr. JUDD and Mr. VORYS voted against conditions in committee.

Mr. JUDD. I voted against the gentleman's amendment, and he recalls the reasons I gave at that time. Mine is offered with the idea that is an inducement.

Mr. BATTLE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, members of the committee, I take this time to bring before the House a matter of importance relative to the House report on this mutual-security bill. Senator SPARKMAN, of Alabama, has written me the following letter to clarify certain parts of this report concerning the children's fund in order to keep the record straight:

UNITED STATES SENATE,
SELECT COMMITTEE ON SMALL BUSINESS,
May 20, 1952.

HON. LAURIE C. BATTLE,
House Office Building,
Washington, D. C.

DEAR LAURIE: I have just been reading the House Report No. 1922 on the Mutual Security bill and am particularly concerned with sections V (4) and appendix II, dealing with the United Nations International Children's Emergency Fund.

You will recall that Senator LODGE and myself represented the United States Congress on the 1950 delegation to the fifth session of the United Nations General Assembly, when the future of the children's fund was debated at length. Although the UNICEF Administration was preparing to wind up its postwar emergency feeding operations in Europe at that time, the economically

underdeveloped countries insisted that such an action would be discriminating against their children who equally needed this type of assistance.

The major point which clearly emerged from this discussion was that, while postwar emergency feeding operations in Europe should terminate, the work of UNICEF should go forward in the underdeveloped areas of Asia, Latin America, the Middle East, and Africa. You will recall that in my letter to you on February 21 discussing this debate I stated:

"There was unanimity that the work of the fund should be continued in these areas, and it was amazing to see the vigor with which so large a number of the countries emphasized that in their view the children's fund constituted one of the most significant aspects of United Nations activity."

In consequence of this debate, 57 countries unanimously supported resolution 417 (V) approving the policy of the UNICEF Executive Board to devote the "greater share of the fund's resources to the development of programs outside Europe * * * for the purpose of meeting, through the provision of supplies, training and advice, emergency and long-range needs of children and their continuing needs, particularly in the underdeveloped countries, with a view to strengthening, wherever this may be appropriate, the permanent child-health and child-welfare programs of the countries receiving assistance."

Under these circumstances, it is difficult to understand why the House report states that "the organization has embarked upon worldwide projects beyond the scope of those who supported it." Actually, in order to fulfill the very terms of the General Assembly resolution, UNICEF must concentrate its current resources on long-range needs of children in the underdeveloped countries.

In respect to the report's comment that "many of the functions which it (UNICEF) performs should be handled by other specialized agencies," I am convinced that most of the governments represented in the United Nations believe it is essential to supplement the technical advice and services provided by the specialized agencies with strategic supplies necessary to child health and welfare. This assistance to the child segment of the population, moreover, acts as a catalytic agent in the underdeveloped areas to stimulate new interest and initiative in the realm of financing, administrative effort, and personnel training, out of all proportion to the limited monetary value of the program.

The UNICEF technique of assisting large numbers of children at a relatively small cost has so impressed the economically underdeveloped countries that the 1950 General Assembly unanimously decided to "again consider the future of the fund at the expiration of 3 years, with the object of continuing the fund on a permanent basis." Thus, the end of 1953, referred to in the appendix of the report, is not a terminal date but in reality the time at which a permanent basis for UNICEF would be considered.

Over a period of years, this program has become the cause celebre of the small nations in the United Nations. I am convinced that our national interest, as well as our humanitarian concern, demands that we demonstrate strong support for this work.

Sincerely yours,

JOHN.
(JOHN SPARKMAN).

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. JUDD].

The question was taken; and on a division (demanded by Mr. JUDD) there were—ayes 103, noes 126.

So the amendment was rejected.

Mr. RICHARDS. Mr. Chairman, I move that the Committee do now rise, and on that I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. RICHARDS and Mr. CHIPERFIELD.

The committee divided; and the tellers reported that there were—ayes 140, noes 150.

So the motion was rejected.

Mr. POWELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POWELL: On page 15, line 14, after "authorized" insert "Provided, That no country shall receive any assistance provided by this act that does not permit technical help in the collection of its taxes."

[Mr. POWELL addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. POWELL].

The question was taken; and on a division (demanded by Mr. POWELL) there were—ayes 96, noes 122.

So the amendment was rejected.

Mr. RICHARDS. Mr. Chairman, I move that the Committee do now rise.

The question was taken; and the Chairman announced that the "noes" appeared to have it.

Mr. RICHARDS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. MANSFIELD and Mr. SMITH of Wisconsin.

The Committee divided; and the tellers reported that there were—ayes 137, noes 146.

So the motion was rejected.

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 14, line 1, after "and of" strike out "the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522)" and insert in lieu thereof "section 503 of this act".

On page 15, line 4, amend subsection (c) to read as follows:

"(c) Amend section 101 (a) (2) to read as follows: 'There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$1,022,000,000 to provide assistance to any country covered by paragraph (1) of this subsection in accordance with the provisions of section 503 of this act; and in addition balances of appropriations heretofore made pursuant to this paragraph unobligated as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.'"

Mr. VORYS. Mr. Chairman, now after all the excitement is over, this is really a very simple proposition. It is whether or not you are in favor of legislation by letter writing. In the Mutual Security Act of 1951 we set up section 503 which says that after June 30, 1952, the Director shall do certain things which are strictly mutual security. In section 502 we provided that none of the powers and functions and responsibilities could be exercised after June 30,

1952, the date of termination of the Marshall plan, except that "not later than April 1, 1952, the President shall inform the Committees" on Foreign Relations and Foreign Affairs "which of the transferred powers, functions, and responsibilities are necessary for the Director." And so forth. I thought that meant that the President would send up his recommendations and that the two committees would this spring decide which of his recommendations they would accept and whether we would continue any part or section of the ECA Act, and if we decided to do so, we would enact those sections into law.

The President takes the position that under this act his merely sending a letter to the two committees on March 26 is all that is needed to unrepeat and keep in force sections of law that otherwise would be repealed. He further takes the position that it is not necessary for him under the law to specify which powers and responsibilities and functions he considers necessary, but he simply said, in substance, "I think everything is necessary with the exception of seven sections." The committee cut out one of those sections so that the whole ECA Act is still in effect under this letter of the President except six sections. This amendment, and this is the first part of it, and the other parts will require consideration in various parts of the bill, does simply this: It wipes out a lot of sections, including the purpose clause, which has no point to it any more; participating countries; encouragement of travel. That is one of the things in ECA that caused the building of hotels with counterpart funds over there. It cuts out the watchdog committee which the President would have left in and which, I understand, some people here do not approve. It strikes out vessels to Italy which are no longer needed; in fact, it strikes out 20 pages and leaves 19 in. It strikes out 16 sections and leaves 9 in. I can say this, the executive branch does not approve of going at it this way. They like legislation by letter writing better, but the counsel for the legislative branch has had an opportunity to review this amendment before I offered it in committee, and since it has been brought to the floor, it was put in the RECORD yesterday, and when in doubt, when they have insisted a section was absolutely necessary, we kept it in. But at least, by this amendment we will do the thing that you have been assured has been done but that I assure you has not been done; we will wind up the European Recovery Act, the Marshall plan act, the ECA Act, as per schedule on June 30, 1952, and whatever we do from now on will be a mutual-security proposition provided by law, with appropriate inclusion of necessary provisions of the law which was repealed, and finally wound up as per schedule June 30, 1952. Now that is all. This is an amendment to take out the reference to the Economic Cooperation Act of 1948, as amended, in two places in section 3. It will be necessary, if you approve of this, to offer amendments at a few other places, four other places, I believe, but

it will not be necessary to explain them again because this is the explanation.

If you believe in legislation by letter writing or Presidential letter writing, then vote against this. If you do not believe in that and believe Congress should legislate, vote "yea" for this amendment.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not think anyone here has greater respect for the legal ability of the gentleman from Ohio than I. I agree with the gentleman from Ohio to a certain extent. I believe this basic legislation, which is included in several acts, should be put together. That is a major undertaking, however, and I think it will be a duty of the next Congress, whether it is a Republican or a Democratic Congress, to come in here with a clean bill. It is something that will require a great deal of time to do properly.

To show you how difficult it is to write a clean bill and to get all the testimony we should have, I want you to ask yourselves here and now how many of you understand what the gentleman from Ohio [Mr. VORVY] seeks to do. I see there are only five or six who have raised their hands. That is a good indication of how difficult it is to do what he seeks to accomplish.

The gentleman from Ohio offered this amendment in committee after the committee began to write the bill. He offered it without any testimony, having been offered to the committee in support of his amendment.

I do not think the President of the United States, by using a negative message to the Congress and saying, in effect, "I do not need certain powers," is violating the legislative rights of Congress at all. The gentleman from Ohio said he should have made the statement in the affirmative.

I am sure the President met the requirements of law in sending in that message.

Before acting on this important amendment this late in the day, after being in session for the past 10 hours, the Committee should rise and we should come back here fresh in the morning and try to do a good job.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Georgia.

Mr. COX. The gentleman takes a very fine attitude. In what he says I get an appeal to the discretion and the judgment of the minority of this House to consider his situation and agree that the Committee may rise. I believe the gentleman from Ohio is right in the position he takes. Whether right or wrong, the members of the Committee should have an opportunity to make an examination of and study the amendment. I hope the minority will accept the appeal of the chairman of the committee.

Mr. GROSS. Has not this amendment been before the committee?

Mr. RICHARDS. It was offered to the committee, but no testimony was taken on it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. VORVY].

The question was taken; and on a division (demanded by Mr. VORVY) there were—ayes 111, noes, 105.

Mr. PATTEN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. VORVY and Mr. RIBICOFF.

The Committee again divided; and the tellers reported that there were ayes 151, noes 133.

So the amendment was agreed to.

Mr. RICHARDS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it seems to be the impression of some that if we carry on diligently we can finish this bill very quickly tonight. To those who hold that opinion I call attention to the 24 pages we still have left to read. There are three separate titles still to be considered. We have so far dealt with only one. If we are fortunate enough to finish this bill tonight I would conservatively estimate that it would be 1 or 2 o'clock before we concluded.

Mr. PATTEN. I think the gentleman is too conservative.

Mr. RICHARDS. I just want to say that for the benefit of the House. A few Members have asked me whether it might be possible to finish this bill in an hour or two if we speeded things up, but I do not see how it can be done.

In view of this situation, Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion offered by the gentleman from South Carolina [Mr. RICHARDS].

Mr. MARTIN of Massachusetts. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. MANSFIELD and Mrs. BOLTON.

The Committee divided; and the tellers reported there were—ayes 139, noes 144. So the motion was rejected.

Mr. MARTIN of Massachusetts. Mr. Chairman, I move to strike out the last word.

May I ask the leadership on the other side if it would be possible for the House to meet tomorrow morning at 10 o'clock?

Mr. RAYBURN. Not as far as I am concerned. I do not know what objection there would be from other sources.

Mr. SHORT. Mr. Chairman, if the gentleman will yield, the only difficulty is that General Ridgway is scheduled to appear before a joint session of the Committee on Armed Services and the Committee on Foreign Affairs in the morning from 10 to 11:30.

Mr. RIVERS. The Committee on Foreign Affairs has been invited, and we cannot be here by 10 o'clock.

Mr. MARTIN of Massachusetts. How about 11 o'clock? The majority leader has told me he would agree to 11 o'clock.

Mr. RAYBURN. I certainly would agree to 11 o'clock.

Mr. MARTIN of Massachusetts. Then, Mr. Chairman, in view of the information that comes to me that we cannot

finish this bill in 2 or 3 hours, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes, had come to no resolution thereon.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 5 minutes on Monday next, following any special orders heretofore entered.

CORRECTION OF ROLL CALL

Mr. WEICHEL. Mr. Speaker, on roll call No. 81 I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

AIRLINE SUBSIDIES

(Mr. ROONEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include an editorial.)

Mr. ROONEY. Mr. Speaker, in both the last session and this session the House Subcommittee on Appropriations for the Department of Commerce, of which I have the honor to be chairman, made the following recommendation:

It is again recommended that legislation be enacted to separate airline subsidies from compensation for the cost of carrying air mail. The subsidy portion, if any, should be paid through a separate appropriation rather than as presently handled through the appropriation for the Post Office Department. (H. Rept. No. 1665, 82d Cong., 2d sess., by Mr. ROONEY, from the Committee on Appropriations.)

Legislation which would accomplish this separation is now pending before the great House Committee on Interstate and Foreign Commerce.

I understand that in the fiscal year 1951, \$117,000,000 was paid to the airlines as so-called mail pay, but of that amount at most only about \$37,000,000 could be considered compensation for the cost of services actually rendered. In other words, there was a hidden subsidy in that year of over \$80,000,000 to the recipient airlines.

Mr. Speaker, I insert in the RECORD at this point the following editorial of May 21, 1952, from the Washington Post showing the advantages of making an effective separation of these hidden subsidies from the mail pay, by enactment of H. R. 508, rather than adoption of the weak Senate bill which freezes these subsidies even deeper into the Post Office deficit:

DO IT RIGHT

If the House Interstate Commerce Committee is going to report a bill separating air mail pay from subsidy to the airlines,

it ought to do an honest job of it. The Senate bill, S. 436, which reportedly is under consideration, was so watered down by amendments that it would defeat the real aim of separation by continuing concealed subsidies. The best approach remains that of the Kennedy-Heselson bill, H. R. 508, which passed the House 2 years ago.

H. R. 508, of course, is not sacrosanct. It is fundamentally sound, however, on two points which ought to be included in any separation legislation. (1) An accurate cost allocation should be the basis for determining reasonable mail pay, and (2) the artificially high Universal Postal Union rate ought to be abandoned for payments to international carriers. This latter point, incidentally, represents the view of the Postmaster General and the Civil Aeronautics Board. The UPU rate of \$2.86 a ton-mile is more than three times the luxury passenger rate.

Some airlines have protested that abandonment of the UPU rate would mean that the United States would pay foreign lines more than domestic lines for carrying United States mail. As a matter of national policy, the rates ought to be the same, and certainly the UPU figure ought to be revised through international conference. This should not, however, prevent Congress from righting a wrong. American lines would still receive the UPU rate for carrying foreign mail just as foreign carriers would receive the UPU rate from this country. If any American line suffered as a result, it could apply for subsidy.

Despite the fact that separation was recommended by the Hoover Commission, at least one airline has attempted to smear proponents as members of a Communist front. American taxpayers ought to resent this vicious technique. They paid out some \$117,000,000 for carrying air mail last year, and by the CAB's own estimate 80 million of this was subsidy. Certainly the airlines are entitled to what subsidy they can justify in the national interest. But, just as certainly, there can be no legitimate objection to letting the public know the facts.

HOUR OF MEETING TOMORROW

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PRICE RISES WARN AGAINST DISMANTLING CONSUMERS' DEFENSES

(Mr. McCORMACK (at the request of Mr. PRIEST) was given permission to extend his remarks at this point in the RECORD.)

Mr. McCORMACK. Mr. Speaker, the 0.7 point rise in consumer prices announced Thursday has taken the Consumers Price Index almost back to the highest level on record.

The facts on prices are a stinging rebuke to the false prophets who have been telling us that we can drop our guard against inflation.

They not only sound a warning against any relaxation of our anti-inflation program, but they argue forcibly for better controls, free of loopholes and weakening amendments.

LET THE PRICE FACTS SPEAK FOR THEMSELVES

The 0.7 point rise in the index tells only the bare outline of the story. Behind it are individual price rises of great significance to every householder. Let us look first at just a few of the price increases which are closest to home. During April fresh fruits and vegetables have gone up 24.4 points; eggs have gone up 4.6 points; rents have gone up 0.3 points; retail foods have gone up 2.4 points; miscellaneous items have gone up 0.4 points. And prices are generally up against the ceiling on petroleum and chemicals, metals, building materials, automobiles, machinery, and many other commodities. They are hard on materials for national defense.

With respect to wholesale markets, the New York Times financial page on Thursday stated:

Wholesale food prices took the largest jump in 21 months during the week ended on May 20, according to the Dun and Bradstreet index. Prices of food in the index went up a full 10 cents.

WE CANNOT AFFORD TO DROP OUR GUARD

We must keep on guard. Inflationary elements are still in the picture.

National security spending has risen from an annual rate of \$47,000,000,000 during the first quarter of 1952 to \$53,000,000,000 in April. In addition, personal incomes, in terms of purchasing power, are at almost the highest level in the Nation's history, even after adjusting for taxes and prices. In the first quarter of 1952, personal disposable income was estimated at \$226,500,000,000.

PRICES ARE STILL TOO HIGH FOR MANY

Lower income families have no margin to absorb higher prices. They just have to do without. Inflation is causing real hardship to people all over the country.

Pensions, annuities, savings have all diminished in value. Veterans, school teachers, and white-collar workers are special victims. Wages seldom keep pace with rising prices.

BUT NOT HIGH ENOUGH FOR THE FAST MONEY BOYS

The big-business lobbyists who are now making their spring encampment on the Potomac, however, find prices far too low.

Their battle cry is, "amendment, exception, decontrol."

Utterly unscrupulous in their methods, they come up to the Hill and tell us that controls are not needed, that markets are soft, that prices are even now below ceilings. And at the very same moment, their associates are at the OPS offices, less than a quarter mile away, pleading for higher ceilings.

What do these gentlemen seek in Washington?

Higher food prices and profits through the device of the elimination of the one little word, "hereafter" from the Herlong amendment. This will compound the mischief of a provision that has taken millions of dollars from those who can least afford it.

A \$25,000,000 prize for cigarette companies, under the guise of an innocent amendment which would prohibit ceilings below State fixed prices.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued May 26, 1952

For actions of May 23, 1952

52nd-2nd, No. 89

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House passed foreign-aid bill. Senate passed housing bill. Senate committee ordered reported road-authorization bill. President recommended changes in personnel laws.

HOUSE

1. FOREIGN AID. Passed, 245-110, with amendments H. R. 7005, to extend the Mutual Security Program. By a 221-137 vote, adopted the Vorys amendment to reduce economic aid by \$615,300,000. By a 192-165 vote, agreed to a Vorys amendment to cut the authorization for Asia by \$111,000,000 and separate the military authorization from the Point 4 authorization. Also agreed to an amendment to limit the dollar costs for supplies, equipment, and commodities in the technical assistance program. (pp. 5957-6010.)
2. PERSONNEL. Both Houses received a message from the President transmitting the annual report of the Civil Service Commission for the fiscal year 1951 and making legislative recommendations as follows: (1) Modernization of examining and recruitment procedures as provided in S. 1135; (2) authorization for additional super-grade positions; (3) authority for Federal agencies to assign selected personnel to educational institutions and other organizations for professional and technical training; (4) unemployment compensation coverage for Federal employees (pp. 6012, 5953).
3. VETERANS' BENEFITS. Both Houses received a message from the President recommending a complete study of veterans' benefit programs and their relation to social insurance and other general welfare programs (pp. 6012, 5953).
4. TOBACCO. Received from this Department a proposed bill to modify the minimum acreage allotment provisions regarding Burley tobacco; to Agriculture Committee (p. 6016).
5. IMMIGRATION. House conferees were appointed on H. R. 5678, to revise the immigration and naturalization laws (p. 5955). Senate conferees have been appointed.

6. IMPORT CONTROL. Rep. Eberharter spoke against Sec. 104 of the Defense Production Act, providing for import controls against cheese, etc. (p. 5955).
7. PROPERTY MANAGEMENT. The Expenditures in the Executive Departments Committee submitted a report, "Federal Supply Management (Overseas Survey)" (H. Rept. 1994)(p. 6016).
8. ADJOURNED until Mon., May 26 (p. 6014). LEGISLATIVE PROGRAM for this week, as announced by the Majority Leader: Mon., D. C. bills; Tues., road-authorization bill; Wed. and Thurs., Puerto Rican constitution and probably emergency-powers continuation; Fri., holiday (p. 5956).

SENATE

9. HOUSING. Passed as reported S. 3066, the housing bill, which includes a provision continuing the authorization for USDA housing loans (pp. 5936-9).
10. EMERGENCY POWERS. Passed without amendment S. J. Res. 156, extending for 15 more days certain emergency war powers (p. 5936).
11. ROADS. The Public Works Committee ordered reported (but did not actually report) with clarifying amendments S. 2437, the road authorizations bill, which includes provisions for forest highways and forest development roads and trails (p. 5942).
12. PERSONNEL RETIREMENT. Discussed and postponed action on S. 2968, amending the Civil Service Retirement Act so as to increase the annuity payments received by retired employees (pp. 5952-3).
13. FOREIGN AID. S. 3086, the foreign-aid bill, was made the unfinished business (p. 5950).
14. RECESSED until Mon., May 26 (p. 5953).

BILLS INTRODUCED

15. IMPORT CONTROL; PRICE SUPPORT. S. 3224, by Sen. Mundt, to amend the Tariff Act of 1930, so as to impose a special equalization duty upon agricultural commodities for which price support has been made available and a parity price established; to Finance Committee (p. 5935).
16. PERSONNEL. H. R. 7970, by Rep. Mansfield, to amend the Civil Service Retirement Act of May 29, 1930, to authorize lump-sum payments in lieu of annuities to certain widows of officers and employees to whom such act applies; to the Post Office and Civil Service Committee (p. 6017).
H. R. 7971, by Rep. Morrison, to amend section 8 of the Civil Service Retirement Act of May 29, 1930, as amended; to Post Office and Civil Service Committee (p. 6017).
H. R. 7972, by Rep. Morrison, to amend the Civil Service Retirement Act; to Post Office and Civil Service Committee (p. 6017).
17. LIVESTOCK. H. R. 7975, by Rep. Lyle, to amend section 112 (f) of the Internal Revenue Code to provide that the sale of cattle necessitated by drought conditions shall be deemed an involuntary conversion of property; to Ways and Means Committee (p. 6017).

Calendar No. 1505

82D CONGRESS
2D SESSION

H. R. 7005

IN THE SENATE OF THE UNITED STATES

MAY 26 (legislative day, MAY 12), 1952

Read twice and ordered to be placed on the calendar

AN ACT

To amend the Mutual Security Act of 1951, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1952".

5 SEC. 2. Section 2 of the Mutual Security Act of 1951
6 is amended by inserting "(a)" after the section number and
7 by adding at the end thereof a new subsection as follows:
8 "(b) The Congress welcomes the recent progress in
9 political federation, military integration, and economic uni-
10 fication in Europe and reaffirms its belief in the necessity of
11 further vigorous efforts toward these ends as a means of

1 building strength, establishing security, and preserving peace
2 in the North Atlantic area. In order to provide further
3 encouragement to such efforts, the Congress believes it es-
4 sential that this Act should be so administered as to support
5 concrete measures for political federation, military integra-
6 tion, and economic unification in Europe. Appropriations
7 made pursuant to paragraphs 101 (a) (1), relating to mili-
8 tary assistance, and 101 (a) (2), relating to defense support
9 and economic assistance, of this Act may be used, pursuant
10 to the applicable terms and conditions of the Mutual Defense
11 Assistance Act of 1949, as amended, and of section 503
12 of this Act, respectively, to furnish assistance (including, in
13 the case of amounts available pursuant to paragraph 101
14 (a) (2), transfers of funds) to any of the following or-
15 ganizations: (A) The North Atlantic Treaty Organization,
16 (B) the European Coal and Steel Community, (C) the
17 organization which may evolve from current international
18 discussions concerning a European defense community.”

19 SEC. 3. Title I of the Mutual Security Act of 1951 is
20 amended as follows:

21 (a) In paragraph 101 (a) (1), insert “, for Spain,”
22 after “parties to the North Atlantic Treaty”.

23 (b) At the end of paragraph 101 (a) (1) add the
24 following new sentence: “There is hereby authorized to be
25 appropriated to the President for the fiscal year 1953 not to

1 exceed \$3,316,000,000, for assistance pursuant to the pro-
2 visions of the Mutual Defense Assistance Act of 1949, as
3 amended (22 U. S. C. 1571-1604) to countries eligible for
4 assistance under this paragraph; and in addition balances of
5 any appropriations heretofore made pursuant to this para-
6 graph unobligated as of June 30, 1952, or subsequently
7 released from obligation, are authorized to be continued avail-
8 able for obligation for their original purposes through June
9 30, 1953, and to be consolidated with the appropriation
10 hereby authorized."

11 (c) Amend section 101 (a) (2) to read as follows:
12 "There is hereby authorized to be appropriated to the Presi-
13 dent for the fiscal year 1953 not to exceed \$1,022,000,000
14 to provide assistance to any country covered by paragraph
15 (1) of this subsection in accordance with the provisions of
16 section 503 of this Act; and in addition balances of appro-
17 priations heretofore made pursuant to this paragraph unobli-
18 gated as of June 30, 1952, or subsequently released from
19 obligation, are authorized to be continued available for obli-
20 gation for their original purposes through June 30, 1953,
21 and to be consolidated with the appropriation hereby
22 authorized."

23 (d) Add the following new subsection:

24 "(c) Not less than \$25,000,000 of the funds made
25 available under authority of subsections (a) and (b) of

1 this section shall be used for economic, technical, and military
2 assistance to Spain in accordance with the provisions of this
3 Act. Unexpended balances of appropriations made available
4 for assistance to Spain pursuant to this section by the Act
5 of October 31, 1951 (Public Law 249, Eighty-second Con-
6 gress), are authorized to be continued available until June
7 30, 1953."

8 SEC. 4. Title II of the Mutual Security Act of 1951 is
9 amended as follows:

10 (a) At the end of section 201 add the following new
11 sentence: "There is hereby authorized to be appropriated to
12 the President for the fiscal year 1953 not to exceed \$606,-
13 370,000, to carry out the purposes and provisions of this
14 section; and in addition balances of any appropriations
15 heretofore made pursuant to this section unobligated as of
16 June 30, 1952, or subsequently released from obligation, are
17 authorized to be continued available for obligation for their
18 original purposes through June 30, 1953, and to be con-
19 solidated with the appropriation hereby authorized."

20 (b) Amend section 203 to read as follows: "In order
21 to further the purpose of this Act in Africa and the Near
22 East there is hereby authorized to be appropriated to the
23 President for the fiscal year 1953 not to exceed \$55,000,000
24 to carry out the purposes and provisions of this section; and
25 in addition balances of any appropriations heretofore made

1 pursuant to this section unobligated as of June 30, 1952,
2 or subsequently released from obligation, are authorized to
3 be continued available for obligation for their original pur-
4 poses through June 30, 1953, and to be consolidated with
5 the appropriation hereby authorized. Funds appropriated
6 pursuant to this section shall be available under Section 503
7 of this Act and the Act for International Development (22
8 U. S. C. 1557) : *Provided*, That the dollar costs of the
9 United States under the Act for International Development
10 for the program in any country in any fiscal year for supplies
11 and equipment shall not exceed three times the dollar costs
12 of the United States for United States technicians and the
13 training of local personnel.”

14 (c) After section 205 add the following new section:

15 “SEC. 206. In addition to the amounts authorized by
16 section 203, there is hereby authorized to be appropriated
17 not to exceed \$65,000,000 for carrying out the purposes and
18 provisions of section 204 of this Act, relating to Palestine
19 refugees, during the fiscal year 1953; and not to exceed
20 \$76,000,000 for carrying out the purposes and provisions
21 of section 205 of this Act, relating to refugees in Israel,
22 during the fiscal year 1953: *Provided*, That amounts appro-
23 priated pursuant to this section which the President finds
24 cannot be effectively expended to carry out the purposes and
25 provisions of sections 204 and 205 may be transferred to

1 and merged with the appropriations authorized by section
2 203."

3 SEC. 5. Title III of the Mutual Security Act of 1951
4 is amended as follows:

5 (a) At the end of section 301 add the following new
6 sentence: "There is hereby authorized to be appropriated
7 to the President for the fiscal year 1953 not to exceed
8 \$611,230,000, to carry out the purposes and provisions of
9 this section; and in addition balances of any appropriations
10 heretofore made pursuant to this section unobligated as of
11 June 30, 1952, or subsequently released from obligation, are
12 hereby authorized to be continued available for obligation for
13 their original purposes through June 30, 1953, and to be
14 consolidated with the appropriation hereby authorized."

15 (b) In the second sentence of subsection 302 (a) strike
16 out the words "the applicable provisions of the Economic
17 Cooperation Act of 1948, as amended (22 U. S. C. 1501-
18 1522), and" and insert in lieu thereof "section 503 of this
19 Act and the applicable provisions" and at the end of such sub-
20 section add the following new sentence: "There is hereby
21 authorized to be appropriated to the President for the fiscal
22 year 1953 not to exceed \$208,800,000, to carry out the
23 purposes and provisions of this subsection in accordance with
24 the provisions of section 503 of this Act and not to exceed
25 \$88,000,000 to carry out the purposes and provisions of

1 this subsection in accordance with the applicable provisions
2 of the Act for International Development (Public Law 535,
3 Eighty-first Congress) ; and in addition balances of any ap-
4 propriations heretofore made pursuant to this subsection
5 unobligated as of June 30, 1952, or subsequently released
6 from obligation, are hereby authorized to be continued avail-
7 able for obligation for their original purposes through June
8 30, 1953, and to be consolidated with the appropriation
9 hereby authorized.”

10 (c) Add the following sentence to subsection 302 (b) :
11 “Unexpended balances of allocations heretofore made to the
12 Secretary of State pursuant to that proviso shall be con-
13 tinued available until expended.”

14 (d) In the first sentence of subsection 303 (a) after
15 the words “to be appropriated to the President” insert the
16 words “for the fiscal year 1953”.

17 (e) In the second sentence of subsection 303 (a) sub-
18 stitute for the words “1952” the words “1953”.

19 (f) Immediately before the last sentence of subsection
20 303 (a) add the following: “In addition, the United States
21 Department of the Army is hereby authorized to make avail-
22 able to the United Nations Korean Reconstruction Agency,
23 at the time when that Agency assumes full responsibility for
24 relief and rehabilitation in Korea, goods and services of a
25 value not to exceed \$67,500,000 which the Department of

1 the Army then has on hand or on order for civilian relief
2 in Korea and which the President determines should be con-
3 tributed by the United States to the United Nations Korean
4 Reconstruction Agency for use in its relief and rehabilita-
5 tion operations in Korea. The value of goods and services
6 made available pursuant to the preceding sentence shall be
7 credited toward the contribution to be made by the United
8 States to the United Nations Korean Reconstruction
9 Agency.”

10 (g) The last sentence of subsection 303 (b) is hereby
11 repealed.

12 SEC. 6. Title IV of the Mutual Security Act of 1951 is
13 amended (1) by adding at the end of the center heading
14 “AND NON-SELF-GOVERNING TERRITORIES OF
15 THE WESTERN HEMISPHERE”, (2) by inserting after
16 “Republics” in section 402 the words “and non-self-govern-
17 ing territories of the Western Hemisphere”, and (3) by
18 adding at the end of such title the following new section:

19 “SEC. 403. In addition to the amounts heretofore author-
20 ized and appropriated, there are hereby authorized to be ap-
21 propriated to the President for the fiscal year 1953 not to
22 exceed \$62,400,000 to carry out the purposes and provisions
23 of section 401 and not to exceed \$22,000,000 to carry out
24 the purposes and provisions of section 402. In addition,
25 balances of the appropriation heretofore made pursuant to

1 each such section unobligated as of June 30, 1952, or subse-
2 quently released from obligation, are authorized to be con-
3 tinued available for obligation for their original purposes
4 through June 30, 1953, and to be consolidated with the
5 applicable appropriation authorized by this section.”

6 SEC. 7. Title V of the Mutual Security Act of 1951 is
7 amended as follows:

8 (a) Section 522 is hereby repealed.

9 (b) In paragraph (3) of subsection (a) of section 501,
10 insert before the period at the end thereof the following:
11 “and the supervision, coordination, and evaluation of all
12 reports prepared by agencies of the United States Govern-
13 ment in the course of their operations under this Act, in order
14 to prevent duplication of effort and to insure a reduction of
15 reporting requirements to the minimum essential for effective
16 operation”.

17 (c) Amend section 503 by inserting “(a)” after “503”
18 by redesignating paragraphs (a), (b), and (c) as (1),
19 (2), and (3), respectively, and by adding at the end
20 thereof the following new subsection:

21 “(b) (1) Except as provided in paragraph (2), the
22 Economic Cooperation Act of 1948, as amended, is re-
23 pealed.

24 “(2) Of the powers, functions, and responsibilities

1 transferred to the Director for Mutual Security by section
2 502 (b) (2) of this Act, only those which are exercised
3 pursuant to the provisions of the Economic Cooperation
4 Act of 1948, as amended, enumerated in paragraph (3)
5 of this subsection and are not in conflict with the other
6 provisions of this Act, as amended, may be exercised after
7 June 30, 1952. Of the powers, functions, and responsibili-
8 ties conferred on the President or the Secretary of State by
9 the Economic Cooperation Act of 1948, as amended, only
10 those conferred by the provisions of that Act, as amended,
11 which are referred to in paragraph (3) of this subsection
12 may be exercised after June 30, 1952.

13 “(3) The provisions of the Economic Cooperation
14 Act of 1948, as amended referred to above are the fol-
15 lowing: Sections 104 (e) and (f); 107; subsections (c)
16 and (d) of section 109; 110 (a) and (b); 111; 112;
17 113; subsections (d), (h) and (i) of section 114; 115
18 (a); paragraphs (1), (2), (3), (4), (5), (6), (7),
19 (8), (9) and (10) of section 115 (b); subsections (d),
20 (h) and (j) of section 115; section 117 (c); section 119;
21 and section 120. Where any of the above provisions re-
22 fer to the purposes of the Economic Cooperation Act of
23 1948, as amended, such reference shall be deemed to be the
24 purpose of this Act, as amended.”

25 (d) In subsection (a) of section 504, strike out all

1 after "Senate" and insert in lieu thereof a period and the
2 following sentences: "The Deputy Director shall receive
3 compensation of \$17,500 per annum. The Special Repre-
4 sentative in Europe shall receive the same compensation
5 and allowances as a Chief of Mission, class 1, within the
6 meaning of the Act of August 13, 1946 (60 Stat. 999),
7 and have the rank of Ambassador Extraordinary and Pleni-
8 potentiary. The Deputy Special Representative in Europe
9 shall be entitled to receive the same compensation and al-
10 lowances as a Chief of Mission, class 3, within the meaning
11 of the Act of August 13, 1946 (60 Stat. 999), and have
12 the rank of Ambassador Extraordinary and Plenipotentiary."

13 (e) In subsection (c) of section 504, (1) strike out
14 "transferred to or employed by the Mutual Security Agency"
15 and insert in lieu thereof "employed in the United States
16 on programs authorized by this Act" and (2) amend the
17 second sentence of such subsection to read as follows: "Such
18 positions shall be in addition to those authorized by law to
19 be filled by Presidential appointment, and in addition to the
20 number authorized by section 505 of the Classification Act
21 of 1949, as amended."

22 (f) Before the period at the end of subsection (d) of
23 section 504, add the following: "": *Provided further*, That,
24 ninety days after the enactment of the Mutual Security Act
25 of 1952, the number of civilian employees who are United

1 States citizens, receiving compensation or allowances from the
2 administrative expense appropriations authorized by this Act,
3 employed in the United States and overseas by or assigned to
4 the Mutual Security Agency, or employed by or assigned to
5 the Department of State or the Department of Defense for
6 carrying out programs the appropriations for which are
7 authorized by this Act, and the military personnel assigned to
8 such programs, shall be in the aggregate at least 10 per cen-
9 tum less than the number so employed or assigned on January
10 1, 1952, except for such personnel of the Department of De-
11 fense engaged in the manufacturing, repair, rehabilitation,
12 packing, handling, crating, or delivery of matériel: *Provided*
13 *further*, That after the Director has determined the reduc-
14 tion to be effected in each agency, the determination as to
15 which individual employees shall be retained shall be made
16 by the head of the agency concerned”.

17 (g) Amend subsection (c) of section 506 to read as
18 follows:

19 “(c) Notwithstanding any other provision of law, be-
20 ginning with July 1, 1952, the Secretary of Defense may
21 furnish (subject to reimbursement from funds appropriated
22 pursuant to this Act) military assistance out of the materials
23 of war whose production in the United States shall have
24 been authorized for, and appropriated to, the Department
25 of Defense: *Provided, however*, That nothing in this Act

1 shall authorize the furnishing of military items under this
2 subsection in excess of \$1,000,000,000 in value. For the
3 purposes of this subsection (1) 'value' shall be determined
4 in accordance with section 403 (c) of the Mutual Defense
5 Assistance Act of 1949, as amended, and (2) the term
6 'materials of war' means those goods, commonly known as
7 military end items, which are required for the performance
8 of their missions by armed forces of a nation, including
9 weapons, military vehicles, ships of war under fifteen hundred
10 tons, aircraft, military communications equipment, ammuni-
11 tion, maintenance parts and spares, and military hardware."

12 (h) Add at the end of section 506 the following new
13 subsection:

14 "(d) Of the funds made available for military assistance
15 under the amendments made by sections 3 (b), 4 (a), 5 (a),
16 and 6 of the Mutual Security Act of 1952, not less than
17 \$1,000,000,000 shall be expended for procurement of mili-
18 tary end items from sources outside the United States."

19 (i) Section 511 is amended by adding the following new
20 subsection:

21 "(c) (1) The Congress of the United States finds that
22 mutual security can be realized only to the extent that the
23 countries who receive our aid do their utmost to help them-
24 selves and cooperate among themselves and with the United

1 States to the fullest extent in achieving the objectives of the
2 free world. In providing assistance under this Act, the
3 Congress of the United States affirms the desire of the United
4 States to continue to use its leadership and resources for the
5 purpose of uniting the efforts of recipient countries to the end
6 that positive accomplishments toward mutual security may be
7 realized with a maximum of efficiency and a minimum of
8 delay and cost.

9 “(2) In addition to the provisions of subsections (a)
10 and (b) of this section, the Director, in administering this
11 Act, shall insure that, where necessary to the mutual security
12 effort, no country shall receive any assistance hereunder
13 unless it take decisive action to marshal its resources col-
14 lectively, or individually where more suitable, with integra-
15 tion and unification plans in the appropriate area, and par-
16 ticipate in programs which promote collective security in that
17 area. The Director shall insure that, where suitable or neces-
18 sary to the success of the mutual security effort, countries take
19 adequate steps to mobilize their industries for mutual defense
20 and gear their fiscal, budgetary, capital, political, and mili-
21 tary resources to the objectives of this Act and take appro-
22 priate other steps toward self-help and mutual cooperation.

23 “(3) Assistance shall be given on a country-by-country
24 basis to a degree and at a rate commensurate with the rate of

1 progress made in the attainment of the objectives of this
2 Act.”

3 (j) In section 513, amend the heading to read “SPECIAL
4 USE OF FUNDS”, insert “(a)” after “SEC. 513.”, and add
5 at the end of such section the following new subsection:

6 “(b) Not more than \$100,000,000 of the funds made
7 available under the Mutual Security Act of 1952, of which
8 not more than \$20,000,000 may be allocated to any one
9 country, may be supplied without regard to any conditions
10 as to eligibility contained in this Act, or any other Act for
11 which funds are authorized by this Act, when the President
12 determines that supplying such funds is important to the
13 security of the United States. The President shall notify
14 the Committee on Foreign Relations of the Senate and the
15 Committee on Foreign Affairs of the House of Represent-
16 atives upon making any such determination.”

17 (k) Amend section 514 to read as follows:

18 “STRATEGIC MATERIALS

19 “SEC. 514. In order to reduce the drain on United
20 States resources and to assure the production of adequate
21 supplies of essential raw materials for the collective defense
22 of the free world, the Director for Mutual Security is au-
23 thorized to initiate projects for, and assist in procuring and
24 stimulating increased production of, materials in which

1 deficiencies or potential deficiencies in supply exist among
2 nations receiving United States assistance.”

3 (l) Amend section 516 by inserting “(a)” after “SEC.
4 516.” and by adding at the end of such section the follow-
5 ing new subsections:

6 “(b) To accomplish the purpose of clause (1) of
7 subsection (a) of this section, under the coordination of
8 the Director for Mutual Security—

9 “(1) The Mutual Security Agency, cooperating
10 with private business groups and governmental agencies
11 to the fullest extent possible, shall encourage a greater
12 participation by private capital in the guaranty pro-
13 gram and shall develop broad criteria to facilitate such
14 participation, including programs consistent with the
15 purposes of the Act for International Development.

16 “(c) The Department of Commerce shall, in coopera-
17 tion with such groups and agencies (including the Interna-
18 tional Bank for Reconstruction and Development), conduct
19 a thorough study of the legal and other impediments, foreign
20 and local, to private investment abroad, and the methods and
21 means whereby those impediments can be removed or
22 decreased and shall make recommendations thereon to the
23 Director for Mutual Security.

24 “(d) The Department of State, in cooperation with

1 other agencies of the Government concerned with private
2 investment abroad, and taking into account the study and
3 recommendations described in paragraph (1) of this sub-
4 section, shall accelerate a program of negotiating treaties of
5 commerce and trade, or other temporary arrangements where
6 more suitable or expeditious, which shall include provisions
7 to encourage and facilitate the flow of private investment to
8 countries participating in programs under this Act.

9 “(e) The Technical Cooperation Administration, taking
10 into account the study and recommendations described in
11 subsection (c) of this subsection, shall encourage and facili-
12 tate a greater participation by private industrial groups or
13 agencies in private contracts awarded by the Administration,
14 and shall, in cooperation with the Department of Commerce
15 and the Mutual Security Agency, find and draw the attention
16 of private enterprise to opportunities for investment and
17 development in underdeveloped areas.

18 “(f) The reports required by section 518 of this Act
19 shall include detailed information on the implementation of
20 this section.”

21 “(m) Section 519 (a) is amended by adding immedi-
22 ately after the phrase “may be advanced” the words “out
23 of funds made available for assistance under section 503 of
24 this Act”.

1 (n) Add the following new sections:

2 “EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

3 “SEC. 532. The provisions of section 119 of the Eco-
4 nomic Cooperation Act of 1948, as amended (22 U. S. C.
5 1517), shall apply to the performance of functions authorized
6 by this Act.

7 “EMPLOYMENT OF RETIRED OFFICERS OF
8 ARMED FORCES

9 “SEC. 533. Notwithstanding section 2 of the Act of
10 July 31, 1894 (5 U. S. C. 62), any retired officer of any
11 of the services mentioned in the Career Compensation Act
12 of 1949 may hold any office or appointment under this Act,
13 and receive compensation in accordance with the provisions
14 of the Act of June 30, 1932 (5 U. S. C. 59a).

15 “MOVEMENT OF MIGRANTS

16 “SEC. 534: In order to encourage further the movement
17 of migrants from European countries having surplus popu-
18 lation, there is hereby authorized to be appropriated to the
19 President \$10,000,000 for use in making contributions for
20 the calendar year 1953 to the Provisional Intergovernmental
21 Committee for the Movement of Migrants from Europe
22 established at Brussels, Belgium, on December 5, 1951:
23 *Provided*, That no part of the funds authorized to be ap-
24 propriated under this section may be used to pay the salary
25 (or expenses) of the Director General of the said Commit-

tee, if such Director General was at any time employed by the United Nations Relief and Rehabilitation Agency or the International Refugee Organization.

“INTERNATIONAL FINANCE CORPORATION

“SEC. 535. In order to increase the participation of private enterprise and investment in developing the resources of the areas in which assistance is authorized by this Act and to mobilize local capital for such development and investment, such amount as may be required, but not to exceed \$100,000,000 of the funds made available for assistance to further military production, economic and technical assistance under the provisions of this Act may be utilized for the purpose of subscribing to the capital of the International Finance Corporation, an affiliate of the International Bank for Reconstruction and Development.

“OCEAN FREIGHT CHARGES ON RELIEF PACKAGES

“SEC. 536. The authority to pay ocean freight charges on shipments of relief supplies and packages under subsection 117 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1515 (c)), shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate: *Provided*, That, not to exceed \$2,800,000 are authorized to be appropriated to the President for the fiscal year 1953 for use in paying ocean freight charges under

1 subsection 117 (c) of the Economic Cooperation Act of
2 1948, as amended.

3 "INVESTMENT AND INFORMATIONAL MEDIA GUARANTIES

4 "SEC. 537. The authority to make investment and infor-
5 mational media guaranties under section 111 (b) (3) of the
6 Economic Cooperation Act of 1948, as amended, shall be
7 fully continued and may be exercised after June 30, 1952,
8 notwithstanding any provision of this Act, by any department
9 or agency of the Government that the President may
10 designate."

11 SEC. 8. The Mutual Defense Assistance Act of 1949, as
12 amended (22 U. S. C. 1571-1604), is further amended as
13 follows:

14 (a) Change the period at the end of the proviso in
15 the first sentence of section 403 (d) to a comma and insert
16 thereafter the words "and after June 30, 1952, by an addi-
17 tional \$200,000,000."

18 (b) Change section 408 (e) to read as follows:

19 "(e) (1) The President may, from time to time, in the
20 interest of achieving standardization of military equipment
21 and in order to provide procurement assistance without cost
22 to the United States, transfer, or enter into contracts for the
23 procurement for transfer of, equipment, materials, or services
24 to: (A) nations eligible for assistance under title I, II, III,
25 or IV of the Mutual Security Act of 1951, or (B) a nation

1 which has joined with the United States in a collective defense
2 and regional arrangement, or (C) any international military
3 organization or headquarters when, in the opinion of the
4 President, such assistance will further the purposes of this
5 Act, or (D) any other nation not eligible to join a collective
6 defense and regional arrangement referred to in clause (B)
7 above, but whose ability to defend itself or to participate in
8 the defense of the area of which it is a part, is important to
9 the security of the United States: *Provided*, That, prior to
10 the transfer of any equipment, materials, or services to a
11 nation under this clause (D), it shall provide the United
12 States with assurance that such equipment, materials, or
13 services are required for and will be used solely to maintain
14 its internal security, its legitimate self-defense, or to permit
15 it to participate in the defense of the area of which it is a
16 part, or in United Nations collective security arrangements
17 and measures, and that it will not undertake any act of
18 aggression against any other state: *Provided further*, That,
19 in the case of any such transfer, the President shall forthwith
20 notify the Committee on Foreign Relations of the Senate, the
21 Committees on Armed Services of the Senate and of the
22 House of Representatives, and the Committee on Foreign
23 Affairs of the House of Representatives.

24 “(2) Whenever equipment or material is transferred
25 from the stocks of, or services are rendered by, any agency,

1 to any nation or international organization as provided in
2 paragraph (1) above, such nation or international organ-
3 ization shall first make available the fair value, as determined
4 by the President, of such equipment, materials, or services
5 before delivery or, when the President determines it to be
6 in the best interests of the United States, within sixty days
7 thereafter. The fair value for the purpose of this paragraph
8 shall not be less for the various categories of equipment
9 or materials than the value as defined in subsection (c)
10 of section 403: *Provided*, That with respect to excess equip-
11 ment or materials the fair value may not be determined
12 to be less than the value specified in paragraph (1) of that
13 subsection plus (a) 10 per centum of the original gross
14 cost of such equipment or materials; (b) the scrap value; or
15 (c) the market value, if ascertainable, whichever is the
16 greater. Before a contract is entered into, or rehabilitation
17 work is undertaken, such nation shall (A) provide the
18 United States with a dependable undertaking to pay the full
19 amount of such contract or the cost of such rehabilitation
20 which will assure the United States against any loss on the
21 contract, or rehabilitation work, and (B) shall make funds
22 available in such amounts and at such times as may be
23 necessary to meet the payments required by the contract
24 or the rehabilitation work in advance of the time such pay-
25 ments are due, in addition to the estimated amount of any

1 damages and costs that may accrue from the cancellation of
2 such contract or rehabilitation work: *Provided*, That the
3 total amount of outstanding contracts under this subsection,
4 less the amounts which have been paid the United States
5 by such nations, shall at no time exceed \$700,000,000."

6 SEC. 9. (a) The second proviso in section 115 (b) (6)
7 of the Economic Cooperation Act of 1948, as amended, is
8 amended (1) by inserting "from" after "That" and (2) by
9 striking out after "(Public Law 389, Eightieth Congress)"
10 the words "shall be used" and inserting in lieu thereof the
11 following: "there shall be allocated to the use of the United
12 States Government whatever sums are necessary to meet
13 United States expenditures for materials required by the
14 United States as a result of deficiencies or potential defi-
15 ciencies in its own resources: *Provided further*, That any
16 deposit balance remaining in such account shall be used".

17 (b) Section 115 (b) (6) of the Economic Cooperation
18 Act of 1948, as amended, is further amended by adding
19 at the end thereof the following: "The Administrator shall
20 exercise the power granted to him by this paragraph to make
21 agreements with respect to the use of funds deposited in the
22 special accounts of 'participating countries' (as defined in
23 section 103 (a) hereof) and any other countries receiving
24 assistance under the Mutual Security Act of 1951, as
25 amended, in such a manner that the equivalent of not less

1 than \$100,000,000 in such funds shall be used exclusively
2 in programs furthering the objectives of section 516 of the
3 Mutual Security Act of 1951. The amount to be devoted
4 from each such special account for such use shall be agreed
5 upon by the Administrator and the country or countries con-
6 cerned: *Provided further*, That whenever funds from such
7 special account are used by a country to make loans all funds
8 received in repayment of such loans shall be redeposited in
9 such special account."

10 SEC. 10. The Act for International Development is
11 amended as follows:

12 (a) Add the following proviso before the period at the
13 end of subsection 404 (b) as amended: ": *Provided further*,
14 That for the fiscal year 1953 not to exceed \$17,000,000 is
15 authorized to be appropriated to the President for use in
16 making contributions under this subsection".

17 (b) Change subsection 413 (a) to read as follows:

18 "(a) The President shall appoint, by and with the
19 advice and consent of the Senate, an Administrator for
20 Technical Cooperation, who, under the direction of the
21 President or such other officer as he may designate pur-
22 suant to section 412 hereof to exercise the powers con-
23 ferred upon him by this title, shall be responsible for
24 planning, implementing, and managing the programs

1 authorized in this title. He shall be compensated at a
2 rate fixed by the President without regard to the Classi-
3 fication Act of 1949 but not in excess of \$16,000 per
4 annum. The President may also appoint, by and with
5 the advice and consent of the Senate, a Deputy Admin-
6 istrator for Technical Cooperation who shall perform
7 such functions as the Administrator shall designate, and
8 shall be Acting Administrator for Technical Cooperation
9 during the absence or disability of the Administrator
10 or in the event of a vacancy in the office of the Admin-
11 istrator. The Deputy Administrator shall receive com-
12 pensation at a rate fixed by the President without regard
13 to the Classification Act of 1949 but not in excess of
14 \$15,000 per annum."

15 SEC. 11. There is hereby authorized to be appropriated
16 to the President not to exceed \$12,000,000 to enable him to
17 make contributions to the United Nations International Chil-
18 dren's Emergency Fund, this authority to become imme-
19 diately available and to extend through December 31, 1953:
20 *Provided*, That the contributions shall be made in such a
21 manner as to give assurance that they will not exceed $33\frac{1}{3}$
22 per centum of contributions from all governments, including
23 contributions made by governments for the benefit of persons
24 located within territories under their control: *Provided*

- 1 *further*, That none of the funds authorized shall be used in
2 duplication of the activities of other agencies of the United
3 Nations.

Passed the House of Representatives May 23, 1952.

Attest:

RALPH R. ROBERTS,

Clerk.

Calendar No. 1505

82ND CONGRESS
2^D SESSION

H. R. 7005

AN ACT

To amend the Mutual Security Act of 1951,
and for other purposes.

MAY 26 (legislative day, MAY 12), 1952

Read twice and ordered to be placed on the calendar

union or closed shop, and it is a public policy that stood the test.

Mr. MURRAY. Let me point this up, and I am not going to get into any argument, with Senator MORSE, of all people in the world.

Senator MORSE. We do not disagree on that.

Mr. MURRAY. At any rate, Senator, you and I are the type of people that like to comport ourselves to the rules of the game, do we not?

Senator MORSE. We insist on it.

Mr. MURRAY. We have a rule in this man's country. It is not the purpose, or I do not suppose that it is your purpose to make your change in rules retroactive, that is, your suggested change. For example, the rule of the game for the present is that the Board can rightfully assume jurisdiction over problems affecting union shop. You do not disagree with me about that?

Senator MORSE. No, we had that jurisdiction, too.

Mr. MURRAY. I know, but the Board has that jurisdiction.

Mr. GOLDBERG. You asserted it actually last time.

Mr. MURRAY. Wait a minute. They have that rule. That is the role we comport ourselves to. That is the kind of game we play now, everybody. Everybody has got to comport themselves to the rules. So in comporting ourselves to these rules, we go to the Wage Board with these matters, and the Board under the rules exercises the right to assume jurisdiction.

Senator MORSE. I do not question that.

Mr. MURRAY. Then what is all the argument about?

Senator MORSE. I am raising the question, however, of the over-all public policy—

Mr. MURRAY. But you are not raising the question that affects the rule of the Wage Stabilization Board in this case.

Senator MORSE. I think they have jurisdiction over the union-shop issue. I do not question that. But I question the wisdom of coming forward with a policy that results in effect in having the Government impose a union shop, because I think it is publicly unacceptable.

Senator DOUGLAS. Mr. Chairman, may I ask the Senator from Oregon a question?

Senator MORSE. Surely.

The CHAIRMAN. Yes, you may. We like to have a little diversion once in a while.

Mr. MURRAY. I will get a breath of fresh air now.

Senator DOUGLAS. I would like to ask the Senator from Oregon whether he would object to having the question as to whether or not the union shop should be put into effect submitted to an election of the workers involved; that is, the election not to give the union the right to propose the union shop, as was the original provision of the Taft-Hartley, but as to whether or not the union shop shall go into effect. So that if the vote was favorable, it would not be imposed by the Government. It would not necessarily result from collective bargaining—

Mr. MURRAY. We had that kind of an election, Senator. In the steel industry.

Senator MORSE. Of course, I think the answer to the question of the Senator from Illinois is that the question itself ignores one whole side of the public-policy feature, namely, the managerial side of the question. Do you want to put the vote to the employers, too, and if they both vote for it, then apply it?

Senator DOUGLAS. No. Then you get back into collective bargaining.

Senator MORSE. Surely; that is where I think you ought to have it.

Senator DOUGLAS. The issue as to whether or not an employer would bargain with the union was originally a matter of collective bargaining. The question as to whether or not certain labor practices should be outlawed was originally a matter of collective

bargaining. By the Wagner Act these were made conditions antecedent prior to collective bargaining. The query that I am raising now is whether the question of the union shop, not the closed shop, might not be made a condition outside either Government arbitration or collective bargaining, as to the question whether the workers themselves wish it, subject to certain precautions so that it will not be a closed union, subject possibly to protection of individual members once they are in the union.

Senator MORSE. That would be balanced fairly only on condition that the employer was a party to an agreement to that kind of an election and said that if they vote for a union shop, we will put it in our plant.

Senator HUMPHREY. I want to get my interpretation of this, because this is not something new before this committee. I generally agree with my able and distinguished colleague and friend from Oregon, Senator MORSE, but in this issue I was prone to disagree long before he presented this argument. We have discussed this before. Senator MORSE, along with the rest of us, is a member of the committee which published the report which had only one dissent, the individual views of Mr. TAFT, which are here in this report, and I want to read to him a sentence in reference—

Senator MORSE. Do not tell me you have a sleeper in there.

Senator HUMPHREY. There is no such thing as a sleeper in the report from a committee on which the Senator from Oregon is a member. I guarantee you that. It is impossible. He knows every word. This report is the result of a series of hearings before a Subcommittee on Labor and Labor-Management Relations when we had Mr. Wilson in, Dr. Taylor, Eric Johnston, Dr. Fleming, and other individuals that were concerned with the decision which had been arrived or the recommendation which had been arrived at by the Mobilization Advisory Committee, and its recommendation to the President. We went into the dispute powers of the Wage Stabilization Board, its economic and its noneconomic aspects or functions. I quote:

"Another point at issue was whether the Board should handle noneconomic disputes, and in the case of the chamber of commerce's position, as expressed at our hearings, the handling of economic disputes which could not require action by the Wage Stabilization Board under its wage regulations. In our judgment, the realities of collective bargaining are such that it would be unrealistic to isolate economic from noneconomic disputes as appropriate subjects of Wage Stabilization Board handling. When the union and management bargain, they bargain on a package basis, which includes both economic and noneconomic matters."

Now, I also recall that in the hearings on this there was considerable discussion, and we discussed the so-called package aspect of the presentation of the grievances to the Wage Stabilization Board. As I see it, in this case, the issue as to whether or not the union shop or maintenance of membership or seniority, whatever the issue may be, that issue as to whether the Wage Stabilization Board had powers to act in that field has already been settled. It was settled by the Executive order. It was settled by the fact that the Lucas amendment in the House of Representatives was defeated. It was settled by the fact that a similar amendment which was proposed in the Senate was not called up for debate or action because of the defeat in the House. It is clear public policy that the Wage Stabilization Board was to have both economic and noneconomic dispute functions and powers.

Now, the President certifies this dispute to the Wage Stabilization Board. What is

the dispute? Let us assume that there was only one thing that was in disagreement. Let us assume you had agreed on wages. Let us assume you had agreed on differential pay, premium pay, incentives. Let us assume that you had agreed on everything but the No. 1 issue which threatened the public security because of the cessation of steel production was the union shop. Let us assume that was the only issue.

Now, I ask my friend from Oregon, if the only issue was the union-shop issue, and yet that was a big enough issue to compel a stoppage of work under the Executive order, under the interpretation of public policy from that Executive order, what would the Wage Stabilization Board do if you did not want a strike? Let us assume that this was the only issue and it easily could be. There have been strikes over less than a union-shop issue. In other words, is the union shop to be ignored?

Senator MORSE. I can give you a very brief reply.

Senator HUMPHREY. Good.

Senator MORSE. First, this paragraph I recall in the report. I agree with that paragraph. It is not my position on the union-shop issue that a board should not take jurisdiction over the so-called noneconomic issues. Contrary, they have to take jurisdiction over noneconomic issues as well as economic issues. The War Labor Board had such jurisdiction, too. We could have adopted a policy of closed shop and union shop. But we adopted a policy which pointed out that it would be very unfair to take advantage of an emergency situation in which employers were not free to lock-out and workers were not free to strike, and they certainly had a moral obligation to do neither, to then impose upon them a kind of employer-worker arrangement that certainly I think ought to be limited entirely to collective bargaining.

Senator HUMPHREY. I understand and appreciate that point of view.

Senator MORSE. My second point is that all I am saying is that as a matter of public policy in an emergency, I do not think the Government should say to the parties, "This closed or union shop you must accept."

Now, your hypothetical: Suppose you got a situation in which you are going to have a strike unless the Government yields to a demand for a union shop, and suppose you accept my other premise, that as a matter of public policy, it is not sound for the Government to impose it upon the employer. Then believe me, I would use all the force of Government possible to stop that strike. If I adopted the policy that it was not in the interest of public policy to grant a union shop. I think Phil Murray and his union will be so much stronger if they get their union shop eventually by collective bargaining than by way of this Government decision that I am going to continue to say I think as a matter of public policy they should not get it by Government order.

Senator HUMPHREY. Let me say to the Senator from Oregon that if one is willing to accept his assumptions, if one is willing to accept the predicated assumptions he has, then of course you come out to the logic of his conclusion. But the simple fact of the matter is that the Wage Stabilization Board, in accepting and being given power to handle disputes, both economic and noneconomic, did not have any proviso. It did not say provided that you do not talk about union shop, provided that you do not talk about seniority. It was an open-end agreement, so to speak, or an open-end grant of power to the Wage Stabilization Board.

Now, I want to say this in deference to the Senator, that he is not speaking about what the realities are. He is saying if he had his way, if he could have drawn up the Executive order, that he would not have permitted this

to happen, and I think that is a plausible argument. I am not denying that. But the fact of the matter is, Senator, you did not have your way. I did not have my way. What actually happened is that the advisory board recommended to the President, the President sent down an Executive order, that Executive order was debated in the Congress, in the Lucas amendment in the House. It was defeated and withdrawn in the Senate of the United States, so public policy has been established. That is my position.

Now, I want to say further, maintenance of membership in 1942 was a new type of union security handed down by the War Labor Board, and it was as big an advance in 1942 as union shop is in 1952, which has been agreed to by the Congress of the United States, even in the Taft-Hartley law, where you have certain provisions for the union shop.

Senator MORSE. My dear Senator, when you protect the status quo, you are not adopting a new policy. You are just maintaining a status quo.

MUTUAL SECURITY ACT OF 1952

Mr. McFARLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1505, Senate bill 3086.

The VICE PRESIDENT. The Secretary will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 3086) to amend the Mutual Security Act of 1951, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Arizona.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3086), to amend the Mutual Security Act of 1951, and for other purposes.

Mr. McFARLAND. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McFARLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded, and that further proceedings in connection with the call of the roll be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. WELKER. Mr. President, on behalf of myself, the Senator from North Dakota [Mr. YOUNG], the Senator from Illinois [Mr. DIRKSEN], the Senator from Montana [Mr. ECTON], the Senator from Ohio [Mr. BRICKER], the Senator from Utah [Mr. BENNETT], the Senator from Idaho [Mr. DWORSHAK], the Senator from Nebraska [Mr. BUTLER], the Senator from Maryland [Mr. BUTLER], the Senator from Nevada [Mr. MALONE], and the Senator from Indiana [Mr. JENNER], I send to the desk an amendment to cut the Mutual Security Act of 1951 by \$1,000,000,000.

The VICE PRESIDENT. Is the Senator from Idaho offering the amendment?

Mr. WELKER. I offer the amendment, to be printed and lie on the table.

The VICE PRESIDENT. Is the Senator from Idaho actually offering the amendment, to be pending; or is he merely presenting the amendment, to have it printed and to lie on the table?

Mr. WELKER. Mr. President, I offer the amendment.

The VICE PRESIDENT. The amendment will be printed, and be considered as the pending question.

The amendment offered by Mr. WELKER, for himself and other Senators, is as follows:

On page 3, line 2, strike out "\$3,620,317,000" and insert in lieu thereof "\$3,095,634,000."

On page 3, line 15, strike out "\$1,588,922,000" and insert in lieu thereof "\$1,358,644,000."

On page 4, lines 9 and 10, strike out "\$529,614,000" and insert in lieu thereof "\$452,858,000."

On page 4, line 20, strike out "\$48,038,000" and insert in lieu thereof "\$41,076,000."

On page 5, line 4, strike out "\$56,772,000" and insert in lieu thereof "\$48,544,000."

On page 5, line 7, strike out "\$66,280,000" and insert in lieu thereof "\$56,760,000."

On page 5, line 20, strike out "\$533,859,000" and insert in lieu thereof "\$456,488,000."

On page 6, line 5, strike out "\$356,354,000" and insert in lieu thereof "\$304,708,000."

On page 8, line 2, strike out "\$54,501,000" and insert in lieu thereof "\$46,602,000."

On page 8, line 4, strike out "\$19,215,000" and insert in lieu thereof "\$16,430,000."

On page 10 line 9, strike out "\$8,734,000" and insert in lieu thereof "\$7,468,000."

On page 10, line 25, strike out "\$2,446,000" and insert in lieu thereof "\$2,092,000."

On page 14 line 18, strike out "\$14,848,000" and insert in lieu thereof "\$12,696,000."

Mr. WELKER. Mr. President, on behalf of myself, the Senator from North Dakota [Mr. YOUNG], the Senator from Illinois [Mr. DIRKSEN], the Senator from Montana [Mr. ECTON], the Senator from Ohio [Mr. BRICKER], the Senator from Utah [Mr. BENNETT], the Senator from Idaho [Mr. DWORSHAK], the Senator from Nebraska [Mr. BUTLER], the Senator from Maryland [Mr. BUTLER], the Senator from Nevada [Mr. MALONE], and the Senator from Indiana [Mr. JENNER], I now submit an amendment cutting the Mutual Security Act of 1951 in the sum of \$500,000,000.

The VICE PRESIDENT. At this time, that amendment can only be printed and lie on the table.

Mr. WELKER. I so understand.

The VICE PRESIDENT. That will be done.

LEGISLATIVE PROGRAM

Mr. McFARLAND. Mr. President, unless some Senator wishes to speak at this time, I am about to suggest a recess.

Mr. DWORSHAK. Mr. President, will the Senator from Arizona yield to me?

Mr. McFARLAND. I yield.

Mr. DWORSHAK. I canceled engagements in my home State for today and tomorrow because I believed the veracity of the majority leader to be unchallengeable. However, I understand that now, at 12:35 p. m., on Friday, it is proposed that the Senate take a recess until Monday. Is that correct?

Mr. McFARLAND. Yes; that is our program. We had before us, for consideration today, the housing bill, which we were informed would require 1 or 2 days of debate before it could be passed.

However, that bill was disposed of in less than 30 minutes.

Now, the mutual-security bill has been made the unfinished business, but there does not seem to be present any Senator who wishes to speak on the bill at this time.

Thus, it would seem that the only thing for us to do now would be to take a recess.

Mr. DWORSHAK. Why do we not proceed to vote on the bill?

Mr. CONNALLY. Mr. President, will the majority leader yield to me?

Mr. McFARLAND. I yield.

Mr. CONNALLY. The original schedule was to have the mutual-security bill considered today, but, on the importunities of the Senator from Arizona, the majority leader, and other Senators, we agreed not to have that bill come before the Senate until Monday, because it was desired to have the Senate consider, first, the housing bill.

Now, because the housing bill has unexpectedly been passed in a short time, whereas it was believed that today would be spent in windjamming, some Senators desire, contrary to agreement to proceed with the consideration of the mutual-security bill.

I have notified many members of the Foreign Relations Committee and other Senators that the mutual-security bill would not be taken up until Monday. The Senator from New Jersey [Mr. SMITH], who is a very strong advocate of the bill as it now stands, has made, upon those assurances, an appointment to speak in New Jersey today. Therefore he cannot be here today, inasmuch as he will be in New Jersey.

So, Mr. President, I insist on standing by the original agreement, namely, that on Monday we proceed with the mutual-security bill.

Mr. DWORSHAK. Mr. President, will the majority leader yield to me?

Mr. McFARLAND. I yield.

Mr. DWORSHAK. I think other Senators have a right to insist that we follow the schedule originally announced by the majority leader, which was not only that we would have evening sessions this week, but also that we would be in session on Saturday. Is not that what the majority leader announced?

Mr. McFARLAND. Originally I did give notice in regard to a Saturday session, but I qualified it by saying, "If we do not finish the immigration bill before then." Under those circumstances, inasmuch as the announcement was qualified in that way, some Senators now object to having a Saturday session.

It was thought that the defense housing bill could be disposed of today, but that it would require some time. I first said the Senate would meet at 10 o'clock today. However, Senators expressed the opinion that the defense housing bill could be passed easily within half a day. So the Senate met at 12 o'clock. Instead of requiring a half day, the bill was disposed of within a few minutes. I gave notice that the disposition of the defense housing bill would be followed by consideration of the mutual security bill. Senators have not expected that a vote would be taken upon that bill today; but

of sympathy and their tribute to the memory of His late Majesty.

Very sincerely yours,

HARRY TRUMAN.

BUCKINGHAM PALACE, May 7, 1952.
The PRESIDENT OF THE UNITED STATES OF AMERICA.

Mr. PRESIDENT: I have received your letter dated the 4th day of March, with which you sent to me the texts of resolutions directed respectively by the United States Senate to my governments in the United Kingdom of Great Britain and Northern Ireland and in the other countries of the Commonwealth and by the United States House of Representatives to my government in the United Kingdom.

In thanking you for your kindness in forwarding these resolutions and for the personal sympathy which you have expressed toward me in doing so, I request that you will be good enough to convey to the Senate and the House of Representatives my deep appreciation of the sentiments to which they have given expression and of their tributes to the memory of His late Majesty.

My government in the United Kingdom of Great Britain and Northern Ireland have already received the texts of these resolutions from His Excellency the Ambassador of the United States of America at my court, through whose good offices their thanks have been transmitted to the Senate and the House of Representatives.

I have communicated the text of the Senate resolution to my governments in the other countries of the Commonwealth and I avail myself of this opportunity to renew to you, Mr. President, the assurances of my invariable friendship and highest esteem.

Your sincere friend,

ELIZABETH R.

MUTUAL SECURITY ACT OF 1952

Mr. RICHARDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 7005, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read through section 3 of the committee amendment. Are there any further amendments to section 3?

Mr. FLOOD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the course of discussing one of the amendments early yesterday, and earlier in the general debate a few days ago, I had a colloquy with one of my colleagues with reference to India when we were debating whether or not we were meeting with any success any place in the foreign policy of this Government and in the containment of or the fight against communism. Then last night I brought to the attention of the Committee the perilous situation as it exists today worldwide.

Mr. Chairman, I brought to your attention the fact that the negotiations in Korea are now at an absolute standstill and that the Communists are threatening additional aggression there. I men-

tioned that General Ridgway told the Senate his staff officers had advised him that the Russians are massing on the Chinese border.

I mentioned as well the delicacy of the negotiations with Western Germany at Bonn. Then, I brought to your attention the border warfare with the Portuguese in the Macao possession of China. Now I direct your attention to the additional fact that the Russians are exerting pressure once more on Iran by bringing to your acquaintance more of the same pattern.

With reference to India, Mr. Chairman, I want to read to you this article from New Delhi, India. It is dated May 22.

NEHRU POLICIES AGAINST REDS WIN APPROVAL

NEW DELHI, INDIA, May 22.—Parliament overwhelmingly approved the Government's anti-Communist policies today after Prime Minister Nehru lashed out against Red "bigots of this new religion."

The voice vote drowned out the objections of the 27-member Communist bloc.

India "will never pay the price the Soviet Union and China have paid to achieve progress," Nehru said. He described Communist slogans and doctrines as completely out of date.

This is additional evidence, Mr. Chairman, of the clearly developing success of our foreign policy, not only in the Far East but bit by bit and step by step on the entire perimeter of the Soviets throughout the world.

Mr. RIVERS. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. RIVERS. Mr. Chairman, West Point Academy has long afforded an education to the officers of the United States Army comparable to, if not exceeding, that of any other school of higher learning in this world. Americans everywhere take pride in the scholastic record of the Academy and in the accomplishments of the men who have been graduated therefrom. In and out of military life they have distinguished themselves in every field of enterprise.

Superficially, it does seem strange that, despite the law, the curricula, and the training afforded at West Point, the United States Department of the Air Force, which has no special training academy of its own comparable to Annapolis and West Point, could not this year obtain its quota out of the graduating class of 1952.

Primarily, I would say that the cause of the failure of West Point to meet its Air Force quota is directly due the fact that the graduates were taught little or nothing about the Air Force. Therefore, I might ask, how could they be expected to evaluate service to the Nation of the Air Force in terms of the things it had to offer them? General Dorn himself declared that "Training at West Point was geared more to the Army than to the Air Force."

What General Dorn did not point out as one of the possible reasons was that in the full 4-year curriculum now taught at

West Point there is a mere 23 hours devoted to instructions with respect to the mission, the organization, and the techniques of aviation.

There is no question but that West Point is more geared to the Army than it is to the Air Force, inasmuch as West Point Academy has turned out probably the most skilled civil, electrical, and hydraulic engineers, as well as the finest Army leaders, in the world. The monumental accomplishments of the United States Army engineers are tributes to their West Point education. The great hydroelectric dams, the massive revetments on the Mississippi and Missouri Rivers, and other flood-control projects, the highways which they have builded throughout the world, their conquests of the swamps at Panama, and the building of the locks on the Panama Canal itself are all monuments of triumph to the might of the United States Corps of Engineers.

West Point-trained men lead the world in the development of and the fighting with tanks, antitank artillery, fixed and mobile artillery pieces, huge long-range field guns, bazookas, hand grenades, bridge building, antitank artillery, anti-aircraft artillery, and all other types of armament for offensive as well as defensive ground warfare.

No school in the world affords its pupils a greater education in preparing them for Signal Corps operations than does West Point. Skills in wired communications, telegraphy, telephony, coaxial and carrier cables, and lightweight circuits enabled our fighting forces, at the very fighting front in all theaters of World War II, to send as well as receive as many as 18 telephone messages over a single pair of telephone wires with no one voice or conversation impinging itself or interrupting any other.

In addition to extensive courses in logistics, the Academy curriculum covers the fields of mathematics, history, logic, rhetoric, literature, and languages, and is probably second to no other university course in the United States.

Personally, I cannot understand just what General Dorn actually meant when he stated that the Air Force officers at West Point are unimpressive, as compared with the Army officers. Both are graduates of the Academy. Did he mean that the Air Force officers do not have the power to impress, the power to excite attention? Just what he actually meant, I do not know.

General Dorn further stated that "the Army officers at the Academy looked better, were more direct." By "looked better" did he mean Army officers delve deeper into subjects under study than do the Air Force officers, or did he mean that the Army officers are simply better looking? In other words, are Air Force officers uglier looking than are Army officers? If, perchance, that be the reason for the failure on the part of the Air Force to attract more volunteers from the 1952 graduating class at West Point, then the qualifications and criteria established by the Academy should be changed. They should specify that only physical attractive instructor per-

sonnel should be assigned to the Academy in the future.

Is it any wonder that when young West Point cadets visit various air bases they are unimpressed, that their visits created the impression that as young air officers there would be too much in mechanics and techniques to attract them?

Is it any wonder, therefore, that the West Point cadets at the completion of their courses select the infantry, the artillery, the engineers, the Signal Corps, or the armored services, rather than the United States Air Force? How could it be otherwise with but 23 hours of scholastic training in their entire 4-year course devoted to aviation subjects?

Every modern Air Force bomber, be it prop or jet driven, is in itself a virtual scientific laboratory flying at speeds upward of 500 or 600 miles an hour, 8 or 10 miles above the surface of the earth. There is hardly an art or a science known to man that has not been invoked in the design, construction, operation, and maintenance of the modern aircraft. Copper, tin, lead, zinc, steel, plastics of various composition, cotton, linen, ramie, silk, wood, various characteristics of electrical currents, circuits, communications, radio, radar, a veritable catalog of meters activated by alcohol, air, oil, gas, and a thousand and one other materials and gadgets are subject to the personal control of men who, at the same time, must be skilled in astronomy and navigation, the operation of radio, radar, and photography, and who sit at the stick and pilot the ship in battle high above the clouds.

Could any young man comprehend the problems of aviation and the opportunities open to them if their attention was scarcely directed to their consideration in their studies at the Academy? Certainly a pen or pencil slipped somewhere when General Dorn cited the second reason why West Point cadets did not volunteer for Air Force service when he stated:

Cadets know more about the Army and, therefore, have more confidence in it.

No more persuasive evidence could be offered showing lack of scholastic training and education in aerodynamics afforded the West Point cadet than to have graduates state that "they had no confidence in the Air Force."

Mr. Chairman, remember that this is the Air Force in which the American people have a capital investment of billions of dollars.

Remember that this is the Air Force in which the American people have long had justifiable pride and upon which they depend in a large measure for the peace and security of this country.

Remember that this is the Air Force for which this very Congress appropriated billions, and that the words spoken in derogation thereof have been attributed by an Army spokesman to the young militarily trained men upon whom this Congress and the American people rely to administer and operate the affairs of the United States Air Force in the precarious years that lie ahead.

When certain graduates made statements that "if they chose the Air Force as a career that they would be too much

in mechanics and techniques" they were on firm ground. No words could more appropriately express the minimum of training in the field of aviation afforded them at West Point than the realization on their part of their own incompetency to adequately enter upon Air Force duties. For any group of graduates, however, to state that the Air Force afforded "little or no opportunity for leadership in or out of combat" is entirely at variance with the facts and wholly indicative of their patent lack of instruction.

Certainly it is scientific knowledge, highly developed technical skills, and great physical courage that enable men to fly on wings of metal. To state that "aviation is devoid of opportunity for leadership" again shows how completely the West Point curricula and studies failed to impress upon the minds of its student body the tremendous importance of and opportunity afforded for service to this country and for leadership in its Air Force.

When a group, squadron, or flight commander leads his F-86 sabre jets up over the Yalu River in North Korea and encounters large forces of the Russian-Chinese-Communist MIG-15 jets, it is no horde or mass of pilots that win those air battles in the skies. It is altogether individual initiative, leadership, skill, intelligence, and superior training in tactics that have attained and maintained a kill ratio of eight Russian MIG-15's to one in favor of our F-86 pilots.

When a 20-year-old Air Force navigator leads a bomber formation into combat over an enemy target, who is there to gainsay the fact that he is not assuming and discharging a tremendous responsibility? Who is there who will deny the fact that the greatest leadership that can be demonstrated is exemplified by the men of the United States Air Force who stand on guard night and day to defend the 150,000,000 Americans from an attack by enemy planes and the catastrophe that would follow in the wake of such atomic attack?

Mr. Chairman, not alone is there tremendous opportunity for leadership in the air, but the Air Force has never failed to emphasize the need of a highly developed ground leadership in all ranks of service.

Air Force squadron commanders and all officers in the chain of command necessarily must have distinguished attributes of leadership in order to obtain the maximum efficiency from the men in the air—the maximum efficiency in the use of all our resources, the elimination of morale problems—as well as every other requirement that might make for the greatest efficiency and economy in the operation of our great air power.

One reason attributed for the failure to obtain the Air Force quota was that "cadets were unimpressed with the so-called Air Force glamor." We who know Gen. Curtis LeMay, commanding general of the Strategic Air Command, know that he is not the type of leader who puts any glamor-happy boy at the controls of the great intercontinental bombers, our B-36's. Equally well we know that when the Air Force command-

ers place a quarter-million-dollar jet fighter airplane in the hands of one single lone Air Force pilot, and send him streaking at 600 or 800 miles an hour from his home base on a combat mission, that that is a serious business to be entrusted only to qualified and capable pilots.

Mr. Chairman, I want you to vision with me the enormity of the task of taking West Point or Annapolis graduates, with all of their formal education, and training them in the science of aerodynamics. Not alone do they have to have extended instruction and training in the operations of high-frequency circuits and in all forms of electronics, in the operation of the air-to-ground and air-to-air radios, but also in radar, in all phases of air combat operations, in intelligence, psychological warfare, photography, weather, communication, airplane armament, maintenance, transportation, supply, installation engineering, airplane production procurement, finance, personnel, research and development, and a veritable catalog of other subjects, not one of which was ever touched upon in the military or naval academies.

Without further elaboration, it is only logical to conclude that the Air Force has a tremendous variety of career fields which are apparently and entirely unknown to West Point graduates, and in which they could be of inestimable service both to themselves and to their country.

Mr. Chairman, we in Congress who appoint cadets to both the Naval and Military Academies of the Nation know how ardently one boy might prefer to go to the Naval Academy, while another chooses the Army as his career.

I have made appointments of boys whose ambitions from childhood had been to get in one or the other Academy. Instinctively, some boys want to serve at sea, others want to become great engineers, others want to be commanders of tank squadrons, others choose artillery and other branches of the land or naval forces. It is to be expected that if and when they pass the examinations they will find themselves in the Academy of their choice.

It seems superfluous to point out to this body that the skills afforded at West Point in bridge building, in tank warfare, in the use of light and heavy artillery, in the ground maneuvers common to the infantry, in the use of bazookas, or in ground communications are worth little or nothing to cadets who, upon graduation from West Point, become pilots, navigators, or bombardiers, in the United States Air Force.

What this Nation needs today, over and above all other things, in order to preserve the peace of this world and insure the defenses of our country against future attack are young men who are altogether skilled and specialized and expert in flying the heavens effectively on man-made wings.

This country needs a source of highly militarily air-minded manpower that can take up and in the future efficiently operate and maintain the United States Air Force with a minimum expenditure

of the taxpayers' dollars. That end, Mr. Chairman, can only be achieved through the immediate establishment of a United States Academy of the Air.

The sum of \$10,000,000 is needed in order to plan and design the academy and its necessary structures. This planning and designing is of itself a time-consuming job, but, of a certainty, it should be started at once.

Mr. Chairman, \$10,000,000 is but a small per centum of the total appropriations made by us in this session of Congress. It is an amount equal to about what the executive department will disburse every 20 minutes of every night and day in the coming year.

Ten million dollars is almost an infinitesimal sum when measured against the appropriations that we will make for foreign aid. It is a small percentage of the vast sums that we are expending for researches in a half-dozen fields—and but a drop in the bucket as compared with the sums that we are spending for developing a newer and a better atom bomb.

In addition to the \$10,000,000 needful and necessary for the planning and the designing of the new Air Force Academy—another \$10,000,000 would enable the Air Force to start an interim academy in order to begin at once to train the future leaders of our Air Force in the years that will be consumed in the design and the construction of the permanent institution.

I would have you believe with me that the expenditure of this \$20,000,000 would be returned to the Treasury Department a hundredfold in the eventual economies and savings in the operation of our Air Force that would be effected by the immediate passage of H. R. 4574 introduced into this House by the honored and respected chairman of the Armed Services Committee, our own beloved CARL VINSON.

Mr. Chairman, I know that this House is today economy-minded. I know that we have slashed and slashed every appropriation that has been brought to this floor. However, I think that the building of a separate Air Force Academy is one measure that would and should meet with the approval of the vast majority of the Members of this House. So let us proceed at once to the adoption and passage of H. R. 4574, looking toward the eventual establishment of a permanent Academy of the Air.

In order that all may acquaint themselves with the release made by any Army spokesman I am including as part of my remarks an article entitled "West Point Cadets List Reasons for Choosing Army Over Air Force," as written by Martin S. Hayden.

The article is as follows:

WEST POINT CADETS LIST REASONS FOR
CHOOSING ARMY OVER AIR FORCE
(By Martin S. Hayden)

The reasons of 20 graduating West Point cadets for rejecting Air Force glamor and extra pay in favor of careers with the lowly Infantry are revealed at the Pentagon in answer to charges that the new officers fear aerial combat.

The fact that the Air Force, for the first time in history, failed to get its 25 per-

cent quota from the 1952 West Point class was recently reported by some American writers as another facet of the "sit-down strike" by Air Force reservists unwilling to fly. It was subsequently grabbed up by a gloating Radio Moscow.

In answer, the Army revealed that, while passing up pilots' careers, the graduating cadets oversubscribed the quotas for both the infantry and for hazardous training with airborne troops. At the same time, Brig. Gen. Frank Dorn, of the Army Public Relations Division, released a memorandum to his superiors, relating explanations given by one cadet group for preferring the dirt of ground combat to the more glamorized life of a pilot.

REASONS LISTED

The 20 cadets had been brought to the Pentagon for an orientation course. After questioning them, General Dorn reported as follows their 11 reasons for rejecting the chance for pilot training and Air Force careers:

1. Air Force officers stationed at West Point were unimpressive. By comparison, the Army officers at the Academy looked better, were more direct, took more interest in cadets, and, in general, presented the look of leaders.

2. Training at West Point was geared more to the Army than the Air Force. Cadets know more about the Army and, therefore, have more confidence in it.

3. Visits to Air Force bases left cadets unimpressed and created the impression that as young officers they would be too much in mechanics and techniques, but would neither lead nor command men.

4. The Air Force offered little or no opportunity to lead men, either in combat or out of it.

5. The Army's foundation is leadership. This means that, as young officers, they would work with troops and lead men. Continual references were made to leadership and the very strong desires of the cadets to be leaders.

UNIMPRESSED BY GLAMOR

6. Cadets were unimpressed with so-called Air Force glamor and flying pay. The glamor was brushed aside as having no real meaning. The extra pay did not constitute a deciding motive.

7. The Army emphasized the individual, whereas the Air Force and Marine Corps emphasized the group or mass. Rather oddly, this was brought out in relation to the public information programs of the services where the Army's emphasis on the individual soldier was considered to mean a direct interest in the man as an individual.

8. The Army offers more opportunity for advanced education than the Air Force.

9. The Army offers more variety than the Air Force, not only in conventional branches, but in guided missiles, aviation, atomic weapons, airborne, armored, etc.

10. The Army offers better opportunities for promotion than the Air Force; this was a surprising statement but several cadets believed it to be so.

11. In the Air Force, if an officer is not a pilot, or if, for physical reasons, he goes off flying status, he has no chance for advancement or worth-while assignments.

NOT STARRY-EYED

The general's memo added that, "although no one said so, even after a little prodding on my part, I got the definite impression that most of the cadets felt they would be prouder to be in the Army than the Air Force.

"However," General Dorn added, "they were not starry-eyed about their ideas on this subject. All who had chosen the Army plainly indicated that the Army could do more for them, and that they could get more from the Army."

The statistics, as prepared by West Point authorities, show that 208 cadets from a graduating class of 528 showed some interest in pilot training and were given special physical examinations and 173 passed them. But, of this number, only 112 selected pilot training while 15 others, who had failed the extreme physical test, asked for Air Force ground assignment. The total—127 volunteers—was 4 short of the established Air Force quota.

OTHERS OVER QUOTA

By comparison the infantry, with a quota of 172, got 174 volunteers; the armored service got its full quota of 39; the artillery got 99 against a quota of 98, and the Signal Corps got 28 against a quota of 27. West Point assignments of junior officers to quartermaster, ordnance, and other noncombat arms are not made.

Pentagon records show that 117 of the graduates selecting infantry asked for airborne duty, as did 32 of the artillerymen, 15 of the engineers, and two of those seeking armored service. Of this total of 167 wanting either to parachute or glide into combat, it is estimated that there are training places for about 125 and airborne assignments for about 50.

A survey of the Academy selections showed that the top academic men in the class who have first preference as to assignment set the pattern for ground combat. Of the first 16 men in the class at the time selections were made, 4 chose infantry, 3 armor, 7 engineers, 1 artillery, and 1 Air Force.

The five hundred and twenty-eighth, and last man in the class, chose the Air Force.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gross: On page 15, strike out lines 15 through 24.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, this amendment eliminates "not less than \$25,000,000" to be handed over to the Spanish dictatorship of Franco, and in addition to the millions previously heaped on that regime of tyranny.

Actually, Spain apparently does not want American dollars. We have the word of the Spanish Ambassador in Portugal, one Nicolas Franco, for that.

Not long ago the London Daily Express quoted this mouthpiece of the dictator as saying, and I quote:

Spain's commercial position, her natural economic future, lies with Britain. Her need (that is, Spain's need) for sterling is far more imperative than her need for dollars.

This is enough, right here, for me to say with enthusiasm, "Let Britain have Spain and let Britain furnish the dole to that country from now on."

But wait. There is more to come from the Spanish Ambassador in Portugal. After saying Spain is far more interested in sterling—the British pound—he says, and I quote again:

Spain wants to see the pound strong again because she (Spain) cannot be and does not want to be dependent on the dollar.

As though this is not enough, the Spanish Ambassador declares:

Europe, with its African possessions, could form a third world bloc for trade and defense. This would extend from Scandinavia to the Cape of Good Hope. Together with

her empires she could develop immense economic and industrial resources. Such a bloc—

Now please get this—

such a bloc would offset the possibility of either America or Russia doing anything without the consent of Europe.

So says the Spanish Ambassador in Portugal, Senor Nicolas Franco. I do not know whether he is related to Francisco Franco, the Spanish dictator, but I say he has given us plenty of additional reasons, other than degrading the American people by doing business with a dictator, to boot Spain out of this bill. My amendment will do exactly that.

Mr. MANSFIELD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am opposed to the amendment offered by the gentleman from Iowa because I think that Spain can form a very appropriate area in the defense of the free world against communism. As a matter of fact, I was responsible for including Spain in this particular bill for the first time, because it was my belief that this Congress had acted upon two previous occasions and that nothing had been done. This particular amendment under consideration, as I recall, was offered by the gentleman from Wisconsin [Mr. ZABLOCKI], and I do not know of any opposition within the committee to it.

I feel that we have a great deal to gain with the inclusion of Spain. I think also that not only can Spain be a bulwark in the Western European defense system but because of her cultural contacts she can strengthen the ties which bind this country, Latin America, and Spain that much more.

I am not talking about dictators because we are supporting dictators in other parts of the world, but I am talking about free, non-Communist countries. I believe that American assistance to Spain will be of great benefit to that country, and perhaps bring about a greater degree of freedom there. I sincerely hope that in view of the facts the committee will vote down this amendment and allow the retention of this amount in the way of funds for Spain.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. The gentleman from Iowa has stated that Franco is not desirous of cooperation with the United States in the mutual security effort. Is it not true that just the other day over the news wires it was announced that the United States was reported making good progress in negotiating three aid agreements, two military and one economic, with Spain? The agreements will provide for American arms shipments to Spain, especially weapons, transport and communications equipment needed by the Spanish Army. Further plans for training the Spanish army and air officers also may be included. The agreements will give the United States several air bases in Spain along with anchorage rights for American warships in key Spanish ports.

Also the negotiations are opening the way for a larger flow of American financial and technical aid to Spain under the Mutual Security Program. Is it not also true that Franco's government is fully cooperating with the United States in the mutual-security effort?

Mr. MANSFIELD. That is correct. I think the House should know that the gentleman from Wisconsin who has just now addressed us was the chairman of a subcommittee which spent some time in Spain, and did a very comprehensive and thorough job there.

Mr. ZABLOCKI. I thank the gentleman for that compliment. May I call the attention of the gentleman from Iowa to the subcommittee supplemental report on Spain, particularly to page 84. The subcommittee reports its observation on the attitude of Spain toward participation in defense.

Mr. MANSFIELD. May I say also before I yield to the gentleman from Iowa [Mr. Gross] who has been seeking to ask me a question for some minutes, that every military authority who has been before the committee has said that Spain is vital to Western Europe.

I now yield to the gentleman from Iowa.

Mr. GROSS. How does the gentleman from Montana reconcile the statement made by the Spanish Ambassador to Portugal with the statement just read apparently representing the view of Franco as to all the things he is going to give to the so-called free world?

Mr. MANSFIELD. I do not know the source of the gentleman's information.

Mr. GROSS. I gave it to the gentleman.

Mr. MANSFIELD. I heard what he had to say, but I will not go on the word of a Spanish Ambassador to Portugal to decide what we should do in this country. I think we ought to keep in mind that as far as Portugal is concerned, it is not defensible unless Spain is brought in.

Mr. KERSTEN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. KERSTEN of Wisconsin. I want to compliment the gentleman from Montana [Mr. MANSFIELD] and the gentleman from Wisconsin [Mr. ZABLOCKI] for opposing this amendment to the bill. If there is any area of Europe where geographically the defense of Western Europe seems to be at a high point, it seems to me it is the Iberian Peninsula, that is, Spain, particularly in view of the Pyrennes Mountains just to the north. I think it is one of the bastions of Europe, and it is very important that it be included in the provisions for Europe.

Mr. MANSFIELD. There is no question about it. I hope the House will vote down this amendment.

Mr. RICHARDS. It is a fact, is it not, I will ask the gentleman from Montana, that this \$25,000,000 does not add to the over-all amount but is part of the funds provided for?

Mr. MANSFIELD. That is correct.

Mr. ZABLOCKI. Mr. Chairman, I wish to express my strong opposition to the proposed amendment. I believe that the Foreign Affairs Committee has gone

thoroughly into this question of assistance to Spain, and its recommendations reflect sound judgment based on the analysis of all available information.

Just a few months ago I had the privilege of heading a special study mission which, among other countries, visited Spain. The subcommittee recommended that assistance be extended to Spain because of the potential value of Spanish contribution to the mutual security effort, and because this potential value cannot be realized without aid.

I want to take this opportunity to recount some of the major factors which motivated that recommendation. The most immediate value of Spain for the mutual defense effort of Western Europe lies in the geographical advantages which Spain offers for air and naval bases. Construction of air and naval bases behind the Pyrenees, which in themselves constitute a natural defense barrier, would greatly supplement other defense installations in Western Europe, which are more immediately exposed to attack. It would give the entire European defense program an added strength, and place at its disposal a strategically important area.

We should also remember that Spain is invaluable in the defense of the Mediterranean, by controlling the west entrance to that sea. I am certain that I need not point out that through the Mediterranean attacks can be directed against the so-called belly of Europe, against Northern Africa, and the Middle East. Consequently, Spain plays a strategic role in the defense of those areas.

Before issuing its recommendations, the subcommittee also considered the potential value of Spanish armed forces to the defense of Europe. At present, Spain has a large but poorly equipped army and a well-trained corps of officers. It is one of the largest and toughest armies in Europe, its manpower strength being estimated at 700,000, of which 400,000 are under arms, including 35,000 officers.

This army, however, is largely equipped with light arms only. They need heavy equipment in quantities. In addition, Spain has a limited fleet and some 300 combat planes in mediocre operating condition. The strength of each can be considerably augmented, bringing them to the level of effective instruments of mutual defense.

We should also bear in mind the marked friendly attitude on the part of the people of Spain and on the part of the Franco government toward the United States. The government has indicated its willingness to enter into military and economic agreements. If we do not conclude such agreements, written in terms of mutual security and mutually beneficial to both nations, we will be guilty of inexcusable shortsightedness.

I would like to mention one more factor. Spain is a Christian nation, and there is no question that the great majority of its people is strongly anti-Communist. Furthermore, Generalissimo Franco expressed a willingness for Span-

ish troops to fight communism wherever necessary, not only on Spanish soil.

I feel that these considerations are vitally important, and that they—not any personal prejudices or the dictates of false economy—should determine our attitude and action on the proposed assistance to Spain. The fact remains that Spain can contribute very much to European defense; that her people and government, whatever the shortcomings of its form, are willing to enter into closer ties with us for that purpose; and that her people will fight communism wherever it may be necessary to do so.

It is because of these considerations that I am strongly opposed to the amendment which would eliminate assistance to Spain from this bill, and I earnestly hope that the membership of this body, weighing impartially the help which Spain can give us in this all-out struggle for survival, will defeat the amendment.

Mr. WIER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is my first mention on this bill. It is not often that I find myself in accord with my Midwest colleague from Iowa [Mr. Gross], but I want to say that I want to support him on this amendment.

I had every intention yesterday that when we reached section 3 of offering this same amendment.

Let me recall to your attention the occasion yesterday when the amendment to limit aid to Tito was before the House. I want to tell you here and now that I subscribe to the remarks of the gentleman from New York [Mrs. KELLY], except that I would like to substitute for the word "Tito" the word "Franco" and substitute for the name "Yugoslavia" the name "Spain." I am not willing here to pay the price that is involved for whatever little advantage may come to us by keeping it in the bill, because I have no more faith in Franco of Spain and the government he represents than I have in Tito of Yugoslavia. Neither one of them are democracies; neither one of them are dependable, and I am not willing to pay that price.

I shall support the amendment offered by the gentleman from Iowa.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. Gross].

The question was taken; and on a division (demanded by Mr. Gross) there were—ayes 9, noes 107.

So the amendment was rejected.

Mr. CURTIS of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CURTIS of Missouri: Page 15, line 14, after "authorized", insert a new paragraph as follows:

"Not to exceed \$43,000,000 of the money authorized in the preceding paragraph may be spent for Austria."

Mr. CURTIS of Missouri. Mr. Chairman, this is a cut of \$43,000,000. The amount in the budget for Austria is \$86,000,000. It is perfectly true that we have cut the sum total of this section by about \$615,000,000. It is possible, of course, to say that you could absorb this particular \$43,000,000 cut that I am pro-

posing in the \$600,000,000 cut out of the larger figure, \$1,600,000,000, but I feel that this should be specifically pointed out so that we actually will save this \$43,000,000 and the cut can be applied elsewhere.

In reference to this matter of Austria, there is very little in the hearings, but you will find mention of Austria on page 60 of the committee report and you will find information on pages 761 and 762 of the committee hearings. There is also a chart, which incidentally is not a very revealing one, on page 751 that has to do with Austria. There is some other reference material in the selected tables on the proposed Mutual Security Act, which is a committee print. On page 40 of this committee print you will find the budget for Austria. I might state that all of this information is in the most general terms, as most of this information is, and it is difficult to run details down. Suffice it to say, though, that the \$86,000,000 that has been asked for is simply to balance Austria's budget.

In balancing that budget I want to call your attention to what we are doing. On page 762, on top of the page, the committee hearings reveal this:

During fiscal year 1953 Austria will provide local currency equivalent to \$23,000,000 to pay French, British, and Soviet occupation costs. The United States Government has been on a pay-as-you-go basis since 1945.

It is very obvious that the United States Government is paying the \$23,000,000 for French, British, and Soviet occupation costs. If Austria needs this money and if this is really a mutual program, I submit that certainly our State Department should not permit France and Great Britain to take money from Austria when we in effect are putting it back again. And positively we should not be paying for the Soviet occupation costs.

On the preceding page, 751, you will find in subsection (c) the statement:

The significant economic facts in Austria are:

(c) "The drain of Austrian resources by the U. S. S. R. occupation authorities as the result of (1) unrequited exports from output of the 350 enterprises confiscated by the U. S. S. R. under the pretext that these assets were German property; (2) failure of the Soviet-controlled enterprises to pay taxes."

These are given as some of the reasons for the plight of Austria. Obviously there is a lot of work to be done by our State Department in establishing a firmer position in Austria. It is obvious we are paying blackmail in that country to Soviet Russia.

I want to point out another thing. I refer to Austria's debts, and this will be found on page 20 of the committee print of selected tables. Austria's internal debt is \$609,000,000, its external debt is only \$12,000,000, and that is only one-third of their gross national products. If you will notice the situation in the case of the United States, we have a national debt of \$259,000,000,000 as opposed to gross national products of \$321,000,000,000. If you will go down that list you will notice that the nations that have the poorest ratios as far as national

debt is concerned, are Great Britain and the United States, the so-called victor nations. Their budget situation is much worse than the countries in Europe who were either neutral or our enemies in the last war, and Austria of course is among these nations.

Mr. Chairman, we know of Austria mainly through history, but actually we are now talking about 6,800,000 people. Austria has been cut to this pitiful size over the years. The United States is responsible among four nations for Austria. The United States area in Austria is one-fourth, and includes less than 1,700,000 people, about the size of metropolitan St. Louis. That is the number that you are asked to vote \$86,000,000 for and I am requesting by my amendment that that amount be cut back to \$43,000,000 which is more in accord with realism. This is the way to eliminate loose dollars.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Missouri.

Mr. Chairman, as we all know, Austria is one of the most critical and vulnerable spots in Europe and the whole defense setup for Europe. I know of no more critical spot at the present time unless it is Berlin itself.

I call the attention of the members of the committee to the fact that the \$86,000,000 requested as economic support for Austria has already been affected by the cut made by the Foreign Affairs Committee and the Committee of the Whole. As introduced, title I of the bill carried \$1,819,200,000 for economic support. The cuts made by the Foreign Affairs Committee and by the Committee of the Whole have now reduced it nearly 50 percent, to \$1,022,000,000. If we are going to do anything in Europe at all, it would be a grievous mistake to put any further limitation on Austria at this time.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. The committee, I do not believe, cut that. The amount asked for was \$86,000,000. You have given them everything they asked for. It is simply balancing their budget.

Mr. RICHARDS. The \$86,000,000 is included in the defense-support figure which was further cut yesterday by the Vorys amendment over a half-billion dollars.

Mr. CURTIS of Missouri. My \$43,000,000 would not be in addition to the committee cut of yesterday. As a matter of fact, if you applied the proportionate cut to Austria, it would be a little more than the \$43,000,000 I am trying to cut it back to.

Mr. RICHARDS. I understand that, but the amount in title 1 of the bill was cut to the bone through the amendment offered by the gentleman from Ohio [Mr. VORYS].

Mr. BUSBEY. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Illinois.

Mr. BUSBEY. It is not a fact that the situation in Austria is absolutely

hopeless as far as getting a treaty is concerned? When I was there last September I had a conference with our Ambassador, Walter Donnelly, who in my opinion is doing a good job, and he said that they had had 259 conferences with the Soviets trying to bring about some kind of a treaty and that they are no further along than when they started.

Mr. RICHARDS. If the position in Austria is hopeless, the position in Berlin is hopeless, the position in Korea is hopeless, and a great many other positions in opposition to communism will have to be defined as hopeless. I am not going to agree that our position in Austria is hopeless.

Mr. HUGH D. SCOTT, JR. Mr. Chairman, I rise in opposition to the pending amendment.

(Mr. HUGH D. SCOTT, JR., asked and was given permission to revise and extend his remarks.)

Mr. HUGH D. SCOTT, JR. Mr. Chairman, I had not intended to speak on this bill because there is a great deal in it I do not understand. I do not know whether it is right to cut this \$500,000,000 or whether it is right to keep it in. I do not believe I have heard adequate evidence here indicating that we are either right or wrong in the cut. I have a great deal of doubt in my own mind as to how I am going to vote on that particular issue.

But as to Austria I have no doubt whatever. In the first place, Austria is, according to all the evidence, the most anti-Communist country in Europe. More than that, as the distinguished chairman of the Committee on Foreign Affairs said, if we cannot hold on in Austria then we cannot hold on in Berlin. I believe it is one of the key spots for the defense of the collective security of the free world.

Again, it seems to me that Austria is a listening post to us, a source of valuable information from Czechoslovakia and from Hungary. Much information is received by radio free Europe, for example, from these countries behind the iron curtain by way of Austria. The government of that country is conservative. It has held the line valiantly and bravely. They are loyal friends. The amount involved is not great, and I think it would be a deadly mistake to slap in the face the Austrian Government, beleaguered as it is by our bitter enemy, the Soviets.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. HUGH D. SCOTT, JR. I yield to the gentleman from South Carolina.

Mr. RICHARDS. May I make this additional observation to the very pertinent remarks the gentleman has just made?

The record shows that in Austria, occupied as it is, never at any time in any election has more than 5 percent of the Austrian vote gone Communist.

Mr. HUGH D. SCOTT, JR. The gentleman is entirely correct. The Austrian people are brave, staunch friends.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. HUGH D. SCOTT, JR. I yield to the gentleman from Montana.

Mr. MANSFIELD. I want to agree with what the gentleman from Pennsylvania has said. Every word is true.

Is it not a further fact that we have an additional responsibility in Austria, because we have an occupying Army in a liberated country, and this Government, which cannot become self-sufficient, is the furthest bridgehead into the Soviets.

Mr. HUGH D. SCOTT, JR. The gentleman is correct.

Every effort we have made to secure a treaty with Austria has been impeded by the Soviet Government, and if we do not give Austria this small amount of money we are minimizing our chances for success.

Mr. RIBICOFF. Mr. Chairman, will the gentleman yield?

Mr. HUGH D. SCOTT, JR. I yield to the gentleman from Connecticut.

Mr. RIBICOFF. Is it not correct that, as the chairman has said, our position in Austria is not hopeless, but if we cut this aid Austria's position would then become hopeless?

Mr. HUGH D. SCOTT, JR. It might well so happen.

Mr. RIBICOFF. And that is because of their very difficult economic situation. And is it not true that we are in Austria by virtue of a four-power agreement? If we withdrew or were forced out of Austria, it would be a great blow to America prestige, and it could then be said all over the world that the Soviet Union forced the United States out of its position in Austria.

Mr. HUGH D. SCOTT, JR. I agree with the gentleman.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. HUGH D. SCOTT, JR. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. I thank the gentleman from Pennsylvania for bringing to the attention of the Members on the floor the true facts about Austria, one of the best friends the United States has had ever since commencement of negotiations for peace, and the rock upon which we can help to build up the rest of the world. I want to congratulate the gentleman for bringing to the attention of the Members of the House the true facts.

Mr. HUGH D. SCOTT, JR. I thank the gentleman.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. HUGH D. SCOTT, JR. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. I agree with everything said about the importance of Austria. I do not want to talk in generalities; I want to talk in details. Here is the question and the one question only: \$23,000,000 of the occupation costs of France, Britain, and ourselves is being paid by us. Now, this is a mutual program. I am not talking about the importance of Austria, about how to give them money. This is a mutual defense bill. Let us get some work done on it and talk in details instead of generalities. Austria is important, sure.

Mr. HUGH D. SCOTT, JR. I respect the gentleman's views.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. HUGH D. SCOTT, JR. I yield to the gentleman from Illinois.

Mr. JONAS. I take this position: I think the gentleman from Pennsylvania agrees with me that the amendment which the gentleman from Missouri is offering will not cure the evil he is complaining of. You are merely cutting \$86,000,000 in half by supporting that amendment, and if you have the same evil repercussions from \$43,000,000 remaining, you are not doing anything by voting for the amendment.

Mr. HUGH D. SCOTT, JR. The gentleman raises a point which I think goes to the whole bill, and that is the policy of the Congress to cut in round numbers or even fractions, and I do not think cutting in round numbers or even fractions indicates that we have carefully worked this thing out in detail. I am not convinced of that. I hope the amendment will be defeated.

Mr. GARY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have no particular interest in the pending amendment. I do, however, want to call the attention of the gentleman from Missouri and the other Members of this House to the fact that this is not an appropriation bill.

I have heard a lot of talk about details. This is not the place for the discussion of details. What the House is doing in this bill is authorizing a program; and, generally, in authorizing a program, we do not place dollar limits on the program that is authorized. It is customary in most authorization bills coming before this House to simply authorize certain activities, and then to leave it to the Committee on Appropriations to determine which of those activities shall be undertaken and how much shall be appropriated by the Congress for those activities.

At the beginning of this program we could have given a general authorization to continue over a period of years, or during the emergency. I am in absolute accord with the action of this House in not following that plan. I think the program should be reviewed annually by the Congress. But you now have before you an authorization bill. It is not intended that this bill shall deal with details; it is a bill to outline a general program.

I have the privilege of serving as chairman of the subcommittee of the Committee on Appropriations that will consider the mutual security appropriation bill. After the authorization bill is passed, then our committee will begin hearings on the appropriation bill. We will go into every single detail, and I promise you that we will consider each country. We will not only consider Austria; we will consider Yugoslavia; we will consider every country in Europe; we will consider the countries in Asia which are to receive aid.

I have just returned from an official 30,000-mile trip to the Pacific, where we covered Korea, Formosa, Okinawa, and the other points where this aid will be applied. I have some first-hand information. We will take copious testimony

as to the details of this entire program. Then when the appropriation bill comes before this body, you will still have a chance to make any changes in any appropriation, or any item, that you see fit.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Iowa.

Mr. JENSEN. I must say I cannot agree with the gentleman when he says it is the duty of the legislative committee to specify where this money is to be spent. The gentleman knows that the Committee on Appropriations does not have the time to go into all these details to any degree comparative to what the legislative committee does.

Mr. GARY. I do not agree with the gentleman at all. Our appropriation subcommittee does go into far greater detail on this program than the legislative committee does.

Mr. JENSEN. The appropriations committee has been criticised no end for writing legislation in appropriation bills, and I think to some degree justly so. Certainly, if the legislative committee does not have the authority to specify where this money shall be spent—

Mr. GARY. I do not yield further to the gentleman. I want to make this statement. I certainly am not questioning the authority of this House to make any change in this bill it desires. What I am saying is that this is an authorization bill, and it does not necessarily follow that the amounts that are authorized in this bill will be appropriated. These amounts will be subsequently considered by the appropriations committee. They will then be considered again by the House. At that time the House will have an opportunity to take up individual items and to make any changes it sees fit to make. Therefore, I think that we should not take the chance of absolutely crippling this program by putting too stringent limitations on the appropriations committee.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on this amendment do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri.

The amendment was rejected.

Mr. GWINN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GWINN: On page 15, line 14, after "authorized" insert a new sentence as follows: "Whenever an item authorized for procurement under this paragraph is under either domestic allocation or price controls in the United States, it shall be purchased by General Services Administration and furnished to the recipient nation as a commodity in lieu of dollar grants for their own procurement."

Mr. GWINN. Mr. Chairman, I regret that the emergency of the subject covered here did not give me time to take the subject up with the chairman of the committee. I just received the proposed amendment this morning.

This amendment enables our Government to buy copper, lead, and zinc at our market prices and subject to our price controls and limitations and send the commodity in lieu of dollars to participating countries. It enables the Government to send the commodity itself abroad instead of establishing a credit, as the act provides. By sending dollars abroad the foreign countries go into the Chilean market and bid up the price of these scarce metals to the detriment of our consumers of metals. Our consumers of these metals, particularly copper, are under price controls of 27.5 cents a pound. In all countries where there is price control on these metals, they are in an impossible position to compete in a world market which runs copper as high as 55 cents a pound.

Our Government must be the buyer of these metals and make them available to foreign countries, instead of giving dollars to many foreign buyers who bid up the world prices. If many buyers go about paying whatever price they want to pay to build up, even excessive stockpiles of these scarce materials that obviously makes prices rise higher than one buyer in the market will make.

Mr. MORTON. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield to the gentleman from Kentucky.

Mr. MORTON. If I understand the gentleman's amendment correctly, if for instance, \$1,000,000 goes to England to purchase lead, copper, or some other material, instead of giving them the \$1,000,000 we give them the \$1,000,000 worth of that material.

Mr. GWINN. That is correct.

Mr. MORTON. You are not cutting in any way the benefits under this act?

Mr. GWINN. We are not cutting in any way the benefits under this act, we are simply changing dollars ourselves, while we have control of the dollars, into the commodity and sending the commodity in lieu of the dollars.

Mr. MORTON. You are also stopping this bidding by four or five governments, with our money, mostly, on these various materials.

Mr. GWINN. That is it. Our own dollars in foreign hands are bidding up the prices so that our own domestic consumers cannot even bid in the market because our consumers are limited to 27.5 cents a pound.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield to the gentleman from Michigan.

Mr. MEADER. I noticed the language of the gentleman's amendment is mandatory and requires the General Services Administrator to buy the copper.

Does that mean that if the Mutual Security Agency decides to give Greece copper that the General Services Administration is required to buy copper, perhaps domestically, and take it away from the domestic consumers of copper?

Mr. GWINN. It works that way now. Here is a bid, for example, that comes out of Greece, circulated in our own domestic market for copper at a price much

higher than our own consumers can pay.

Mr. MEADER. I wonder if the gentleman will yield further?

Mr. GWINN. I yield.

Mr. MEADER. Would he mind making the language of the amendment permissive rather than mandatory? Because I am very much concerned that the automobile industry, for example, which has had limitations because of shortages of copper, might be further limited by taking from our domestic available copper amounts to send to Greece because of a determination made by the Mutual Security Agency?

Mr. GWINN. I think that is a proper amendment.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield.

Mr. ROOSEVELT. Is not the practical effect of the gentleman's amendment to say that until we can control the world price, which the gentleman's amendment would not do, that in effect you are going to be taking the stocks of our own natural resources and force us to send those abroad, whereas these foreign countries could buy in the world market and buy stocks up in other parts of the world?

Mr. GWINN. I think not. I think the agency has the power to decide whether it will or not grant those dollars. If it is going to grant dollars, this amendment simply requires them to give copper instead of the dollars.

Mr. ROOSEVELT. Under the gentleman's amendment the only place they could get the copper, so long as the world market is not controlled at the same level as our internal price control, the only place to get the copper is in the United States; therefore we would be using up United States raw material.

The CHAIRMAN. The time of the gentleman from New York has expired.

(On request of Mr. MASON, and by unanimous consent, Mr. GWINN was allowed to proceed for two additional minutes.)

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield further?

Mr. GWINN. I yield.

Mr. ROOSEVELT. If the gentleman follows my reasoning thus far, then in effect not only will we be using up our own raw materials, but we will be using them up faster than we can produce them and we will be cutting down on the amount available to our own industries, as has been previously brought out.

Mr. GWINN. May I say to the gentleman from New York that we produce about 60 percent of the copper we consume; the rest we get primarily from Chile.

Mr. ROOSEVELT. That is correct.

Mr. GWINN. This amendment contemplates that we are going to buy this excess copper in Chile, but instead of letting our own dollars go abroad to come back to Chile we control the dollars and to some extent we do control the prices we pay in Chile.

Mr. ROOSEVELT. But that has not worked out so far.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield.

Mr. MASON. As I understand the gentleman's amendment, it simply means that the United States itself would go into that world market and purchase this copper to be sent wherever it is to go.

Mr. GWINN. Exactly so.

Mr. MASON. And now our own private industry has to go into the world market to buy that 40 percent of the copper that it needs and we do not produce, and it is competing against these dollars that we send abroad.

Mr. GWINN. Exactly so; and the effect is that our own stocks of copper, lead, and zinc are going down while stocks of these scarce materials of other countries of the world with our dollars are being built up excessively.

Mr. MASON. Personally I think the gentleman's amendment is a good, common-sense amendment and will result in our own private industries having more copper to use rather than less.

Mr. RIBICOFF. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield.

Mr. RIBICOFF. What disturbs me is that this is more interference of Government in private industry; in other words, you are allowing the United States Government to go abroad and make purchases in its own name and therefore compete with private enterprise.

Mr. MASON. No; they are competing with other countries.

Mr. GWINN. Let me answer the gentleman. We have so completely controlled domestically the price of copper, lead, and zinc that our own domestic consumers cannot pay more than 27½ cents a pound for copper.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. DURHAM. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I am sure the gentleman from New York offers this amendment in good faith in trying to do something constructive, but at the present time we are in this kind of situation. Of course the General Services Administration does all of the purchasing for the stockpiling items of these strategic and critical materials.

As to just how this would affect the contracts we have with Chile for copper, with India for manganese, and with all these other countries I do not know, but it is so broad and extensive that it goes almost around the world. I do not know how many countries this amendment would involve, but probably many more than we think just on the face of it. For instance, there is no way for us to go into Chile and say to Chile that she has got to sell us copper at 25 cents a pound because we have price control.

Chile today is holding out for 6 cents above the world price right at the present time, and there is no way for us to control it. We have agreements with them, of course, to buy as much copper as we can get. But when that contract runs out that is the end of it, and there

is no way to force them to renew it or sell at a lower price.

Copper is but one metal; there are 60 or 70 other strategic and critical material items that will be affected. I am not just sure as to how the General Services can carry out and make effective such an amendment, because at the present time we have already agreed under the international agreement on division of these raw materials.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. DURHAM. I yield.

Mr. VORYS. As I understand, General Services is acquiring—it is the instrumentality for building up our strategic materials.

Mr. DURHAM. It purchases them all at the present time.

Mr. VORYS. It is the machinery for purchasing strategic materials?

Mr. DURHAM. That is correct; it administers and makes the contracts.

Mr. VORYS. General Services, as I understand, has had nothing to do with procurement in this program at the present time; so this amendment would be bringing something new into this program.

Mr. DURHAM. I do not know how it would affect the international agreement on the distribution of raw materials at the present time. It is rather far-reaching, and I hope the Committee will vote it down.

Mr. VORYS. May I say that our purpose with reference to strategic materials under this bill was to tie it in with the strategic-materials program carried on outside this bill. I fear that this amendment will mess things up as far as strategic materials are concerned. It looks to me as if it would require all of the purchasing to be done in this country which I hope will not be the case.

Mr. DURHAM. That is right. You would have General Services conducting two programs here. It would be trying to secure raw material for the stockpile in this country and also it would be a distribution agency. I do not know whether they would take it and put it in one bag or which bag they would put it in.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. DURHAM. I yield to the gentleman from Illinois.

Mr. MASON. In the purchasing of this under international agreements, so much is allotted to each country?

Mr. DURHAM. Supposedly so.

Mr. MASON. It has a quota assigned?

Mr. DURHAM. Yes.

Mr. MASON. If General Services is purchasing for Greece or Turkey, or some place, they would have to stay within the quota assigned to Greece or Turkey, just as if Greece or Turkey were buying it for themselves with our dollars?

Mr. DURHAM. Yes.

Mr. MASON. So that it would not change the international agreements one particle.

Mr. DURHAM. On the other hand, what are you going to do with your stockpile in this country? Are you go-

ing to deplete it? Take cobalt, copper, and dozens of others.

Mr. MASON. I understand that. We are purchasing them all around the world for our stockpile.

Mr. DURHAM. That is correct.

Mr. MASON. We are purchasing our quota under international agreements. If we become the agent of Greece or Turkey to purchase their quotas, that does not have any effect upon our own.

Mr. DURHAM. Of course, all countries have not entered into this international agreement on the distribution of raw material. This is just a few countries.

Mr. SHAFER. Mr. Chairman, will the gentleman yield?

Mr. DURHAM. I yield to the gentleman from Michigan.

Mr. SHAFER. The gentleman is very much interested in our defense stockpile program.

Mr. DURHAM. Yes; so is the gentleman from Michigan. He has been very helpful in that respect, and this country ought to thank him for the rubber quotas today.

Mr. SHAFER. I just wondered if he has any information as to the amount of copper that has been taken out of our defense stockpile program to be shipped overseas?

Mr. DURHAM. As far as I know, none has been taken to be shipped overseas, but there has been some diverted to industry.

Mr. SHAFER. To industry as the result of enormous shipments over to Europe.

Mr. DURHAM. Yes; but from other countries which we could not obtain.

AMERICAN AND FREE WORLD SECURITY

I. The basis of American foreign policy:

A. A sound, democratic foreign policy is designed to preserve the security of the Nation. American foreign policy is no exception to the rule.

B. In today's dangerous world, national security cannot be achieved by any simple formula. Our well-being is directly tied to the security of the other free peoples. It is no simple matter to preserve and build that united strength which the free world must have if freedom is to survive.

C. The foundation stone of American foreign policy today is the mutual-security program. And that program is firmly rooted in the belief that America cannot go it alone.

II. America's need for allies:

A. The threat posed by Soviet communism is so great that—should it get out of hand—American alone could never cope with it. Consider, if you will, the nature of that threat:

First. The Soviets are dedicated to global conquest. The Lenin-Stalinist ideology makes that very clear. Soviet actions since the closing months of World War II make it even clearer. The subversion of Eastern Europe, the attempt to drive the western allies out of Berlin, the effort to take over Greece, the aggression in Korea—all of these things are representative of international communism's designs for global control.

Second. The Soviet threat makes itself felt at every level—the political, the economic, the psychological, and the military. During 1952, the Soviet Union will devote 35 percent of its gross national products—more than \$60,000,000,000—to military purposes. It is spending more than a billion dollars annually on propaganda alone. The budget proposed calls for spending the equivalent of 20 percent of our gross national product for defense purposes during fiscal 1953. Our expenditure for our overseas informational campaign during the current fiscal year is less than one-tenth of what the Soviets are spending.

Three. In terms of raw power, the Soviet threat is very, very real. The Soviet Union, its satellites, and its Chinese allies together control some two-fifths of the earth's land surface, very close to half—more than 800,000,000—of the world's people, a vast share of the globe's natural resources. The Soviet bloc also has available millions of trained ground troops and a seasoned air force. It is estimated that the Soviet Union alone has between 175 and 200 divisions on active duty.

B. Unless America retains her friends in the free world, we will lose the edge we now have in the global struggle for power. The loss of Western Europe, for example, would see us outmanned, outgunned, and outproduced:

First. Take industrial production. Western Europe produces 28 percent or more of the world's steel, about the same percentage of the world's electric power, 32 percent of the world's hard coal. Western Europe also boasts almost half of the world's sea-going merchant tonnage—49 percent. Soviet-bloc figures, percentage, for steel, coal, and electric power are 18, 27, and 15 percent respectively. Therefore, the control of Western Europe would give the Soviets the upper hand in coal and very close to it in the production of steel and electric power.

Second. Take manpower. Western Europe's more than 300,000,000 people, if added to the Soviet bloc's population, would give the latter control of more than half of the world's people.

Third. Take skilled manpower. Europe's skilled manpower pool can be surpassed by no other area but our own. Western Europe's technicians in Soviet hands could be a vital factor in giving the Soviet Union a tremendous technical advantage.

Fourth. Take the problem of strategic position. Loss of Western Europe would mean the loss of land and air bases from which to operate at close range in the event of aggression. Were we to be faced with a global war—with the Soviets in control of Western Europe—we might well have to fight that war on the thresholds of our own homes.

III. Essentials of the Mutual Security Program:

A. The President has asked Congress to appropriate \$7,900,000,000 for the Mutual Security Program during fiscal 1953. Of this total amount, the lion's share—\$5,425,000,000—is for direct military assistance. One billion eight hundred and

nineteen million is for defense-support funds. The remaining \$655,800,000 is for economic and technical assistance. These big figures raise two key questions: First, what is the difference between military, defense support, and technical assistance? Second, why is assistance other than that of a purely military nature so terribly important?

First. The three types of assistance:

(a) Military assistance has to do with helping our friends to develop the weapons of defense and the trained manpower to handle those weapons. It is concerned primarily with military products—with munitions. It is concerned—to cite one highly important example—with equipping the NATO forces with the means of deterring aggression. Most of the funds for military assistance will go into the purchase of guns, planes, tanks, and so forth, in the United States for transshipment overseas. Some of these military assistance funds will be used to purchase military equipment manufactured by our allies.

(b) Defense-support funds are designed to supply our allies with raw materials, commodities, and machinery which they must have if they are to produce the sinews of military defense. Defense-support funds will go for cotton and foodstuffs as well as for mechanical equipment. In this connection, I should like to point out that you cannot separate a nation's economic stability from its ability to defend itself. Looking at it realistically, we cannot offer our friends guns unless we also help them to develop the productive plant with which to produce their own guns.

(c) Technical assistance is better known as point 4. To my way of thinking, the point 4 program is one of the most important, both for this Nation's security and for world peace. Under the point 4 program, America is seeking to help the people of the underdeveloped areas of the world to help themselves. We are seeking to help the people of the Near East, southeast Asia, and of parts of Latin America to develop their own technologies.

Why are we doing this? In the first place, it must be pointed out that communism breeds on hunger, disease, and illiteracy. In the areas I have just noted, these conditions are almost universal. In many parts of the Near East, an income of fifty or sixty dollars a year is a reasonable average. In many parts of Asia, the average life span is 30 years or even less. In some parts of Africa and the Near East, 1 out of 10 babies never gets beyond the first year of life.

The point 4 program is a humanitarian program. It is the true Christian doctrine in practice. But equally important, it is contributing much to America's security. By fighting the conditions upon which communism thrives, it creates strong friends even while showing millions of people the road to a decent standard of living.

It is well for us to remember that our interests abroad do not begin and end in Europe, important though Europe is. The peoples of the Near East, Africa, southeast Asia, and Latin America—

these people are also part of the free world. These people are also essential partners in building a strong defense against Communist aggression.

IV. Are our allies doing their share?

A. The charge has been made that our friends in Western Europe are not holding up their end of the Mutual Security Program. I should like to answer this charge by citing a few pertinent facts—facts that our more violent critics are likely to overlook.

First. Western Europe, unlike the United States, was devastated by the Second World War. With our help, it has made a remarkable recovery. To impose such defense demands upon our European friends as would cripple their still-shaky economies would be to court disaster for them and for ourselves.

Second. It is well to bear in mind that any major war fought on the land is likely to be fought first on the territory of our allies rather than upon our own. It is the western Europeans who are living under the shadow of Soviet guns.

Third. The overwhelming bulk of the European defense force is made up of European troops. Such will continue to be the case when the target for 1954, as set up at the Lisbon NATO conference, is achieved.

Fourth. In the face of economic ruin—World War II result—and domestic demands for a better standard of living, the Western European nations have reached a productivity level which is some 40 percent above the prewar figure.

Fifth. Much has been made of the statement that the Europeans are not taxing themselves as steeply as we are. It is true that there are tax inequities in parts of western Europe. It is not true that the European man in the street is not carrying his share of the tax burden. Here are just a few of the relevant figures: Tax receipts in the United States for 1951 amounted to 25.8 percent of our gross national product. In the United Kingdom, the comparative percentage was 33.7. In the Netherlands, it was 28.3. In France, it was 30.7. In the Federal Republic of Germany—West Germany—it was 30.3. In some of the western countries, the percentage was somewhat lower than in our own country. But, by and large, western Europe is doing its share in footing the bill for defense and security.

Sixth. It is well worth remembering that France and Britain are actively defending free-world interests in the Near and Far East. It is worth remembering that most of the western European countries are fighting by our side in Korea. It is worth remembering that France—to cite one example—is spending an estimated \$1,000,000,000 a year to stave off communism in Indochina and has lost more than 30,000 of her best soldiers there.

V. Conclusion: The mutual-security program is costing the American public a lot of money. There is no denying that. But in paying for the security and defensibility of our free-world neighbors, we are also paying for our own security. It is far better to pay in dollars today than to pay with millions of lives and all of our freedoms tomorrow.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

(Mr. DURHAM asked and was given permission to revise and extend his remarks.)

Mr. MANSFIELD. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 15 minutes.

The CHAIRMAN (Mr. FORAND). Is there objection to the request of the gentleman from Montana?

Mr. SADLAK. Mr. Chairman, I object.

Mr. MANSFIELD. Mr. Chairman, I move that all debate on the pending amendment and amendments to the amendment close in 15 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, in my humble opinion, with all due respect to the gentleman from New York, this amendment can be far more important than has been represented, and it should not be considered in a few minutes on the floor of this House. Its implications are hard to figure. For example, you might say that if we are going to supply such things as copper instead of money to some of these countries—money or credit—they could take that copper, sell it on the world market for perhaps as high as 100 percent profit. There is that possibility, as I understand the amendment, and it is entirely within the realm of possibility.

Mr. Chairman, before we adopt such an amendment it should have the most careful consideration by the committee responsible for this bill. Therefore, I reluctantly oppose the amendment. Foreign countries could take those products which we would furnish them, perhaps at our controlled price, and sell them on the world market for a profit of as much as 100 percent.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Illinois.

Mr. MASON. And they can do that today with what we furnish them.

Mr. HINSHAW. That may be very true, but in this case when you are furnishing raw metals it is a lot different than when you are furnishing guns, tanks, and clothing. This is something which is a world commodity. It is not a piece of armament, I think the amendment ought to have more consideration than we can give it in Committee in the next few minutes.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. MEADER to the amendment offered by Mr. GWINN: At the end of line 4, strike out "shall" and insert "may."

(Mr. MEADER asked and was given permission to revise and extend his remarks.)

Mr. MEADER. Mr. Chairman, this amendment will improve the Gwinn amendment, in my opinion. It makes the authority of the General Services Administration to supply the scarce commodity in lieu of the money grant permissive rather than mandatory.

I fear the amendment as drafted by the gentleman from New York would compel the General Services Administration to buy copper, perhaps out of our available domestic copper supply, and thereby limit still further the amounts available for the automobile industry and other industries which are now retarded because of the scarcity of copper. I would not want that to happen.

I do not know that the Gwinn amendment should be adopted at all, but if it is adopted it should give leeway to the General Services Administration. I do not want to harm our domestic economy by an amendment hastily adopted.

The International Materials Conference, about which many of you have heard a good deal, purports to allocate the amount of these scarce materials as between this country and other countries of the world. We have enforceable controls in this country. But many of the other countries who are also members of the International Materials Conference, either do not have any controls at all or do not have as effective and as enforceable controls as we have.

This whole question of the International Materials Conference which has no statutory authority should be very carefully and thoroughly explored by the Congress. Under present circumstances I think it is restricting our own production in this country while it leaves other countries free to engage in speculation in these controlled materials and step up their production of products requiring scarce materials. It is an international cartel set up by the executive branch of our Government. Its allocations are enforceable in the United States but not equally enforceable elsewhere. The question is an important one. It should be gone into thoroughly by the Congress.

I think my amendment will improve the amendment offered by the gentleman from New York [Mr. GWINN]. I, therefore, urge its adoption.

(Mr. SEELY-BROWN and Mr. FULTON asked and were given permission to yield the time allotted them to Mr. SADLAK.)

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. SADLAK].

(Mr. SADLAK asked and was given permission to revise and extend his remarks.)

Mr. SADLAK. Mr. Chairman, I am very grateful to my colleagues for yielding me their time.

Mr. Chairman, when I came to the floor this morning I had been entertaining the thought that something along the same line as put forth here by the gentleman from New York [Mr. GWINN] might be a good thing to do in this particular bill.

When we have in the neighborhood of a billion dollars set aside for these coun-

tries to buy copper and zinc, and then we pay the bill with our American taxpayers' money, why could not we take and purchase the copper from these countries and thereby give them the United States dollars which they are seeking?

I join wholeheartedly in the proposal offered by the gentleman from New York. I objected, Mr. Chairman, because of the shortness of time which would be allotted here, but I am sure that my colleague, the gentleman from Montana [Mr. MANSFIELD], as he goes into this proposal offered by the gentleman from New York, will find that it has a great deal of importance to the State of Montana. He will find, as has been touched upon by the gentleman from Michigan [Mr. MEADER], the great ramifications that are involved here with the International Materials Conference, about which I am preparing to make an appearance before the Committee on Banking and Currency on Wednesday, May 28, in connection with the Defense Production Act, because I believe that the International Materials Conference, which has been set up without any statutory authority, is, in my estimation, and in the estimation of a committee of eight which has been appointed by the gentleman from Massachusetts [Mr. MARTIN], the minority leader, a supercartel operating in the United States. It is keeping from the automobile industry, as the gentleman from Michigan [Mr. MEADER] has mentioned, from the electrical and brass companies in Connecticut, causing layoffs and unemployment, and from the other industries involved throughout the United States, the copper and related minerals of which they ought to have the use.

There is so much involved in this proposition, Mr. Chairman, which I would like to remark upon in this short time, but which obviously is an impossibility, as I said, because of the many ramifications. But, as the gentleman from North Carolina [Mr. DURHAM] has mentioned, I am very much interested to know how much we have in the line of copper and zinc, presuming he may know, because from my observation of the House he has been one of those who has been most meticulous about keeping up the stockpile, as has been the gentleman from Iowa [Mr. MARTIN].

As to the International Materials Conference, which is restricting the amount of copper and zinc which our people should have, the amounts that are given on allocations, termed "entitlement of consumption," to all of our industries and for the employers of our country are the same allocations given by the International Materials Conference which are used by the National Production Administration, and so we cannot get it because we cannot buy it. Price is not the deterrent.

Mr. DURHAM. Mr. Chairman, will the gentleman yield?

Mr. SADLAK. I yield to the gentleman from North Carolina.

Mr. DURHAM. I thank the gentleman for his kind remarks, and I think it is an important thing to talk about at the present time. Of course, the

stockpile, on the over-all basis of copper, has not been filled by any means and probably will not be, under world conditions, for some time. But the other important point to think about at the present time is in connection with the two and one-half million, lying down here, or approximately, at the present time, in dollars, with authority to purchase, the materials today are not available. This would further aggravate that condition, in my opinion.

Mr. SADLAK. The gentleman knows, because we do not go into the world market for copper, that we have been restricted because the allocations are made by the International Materials Conference which again, I say, has been set up without any statutory authority, and time does not permit my going into that. Our stockpiling is, also, thereby seriously affected and the program impeded, in my opinion.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. SADLAK. I yield to the gentleman from Michigan.

Mr. MEADER. I wonder if the gentleman has been able to get any information out of our agencies on whether or not the other nations who are members of this International Materials Conference have enforceability laws which govern the allocations of scarce materials which they receive. I have not been able to get it in 3 months' effort out of the departments downtown. Has the gentleman gotten any information?

Mr. SADLAK. I do not have such information from downtown, but the gentleman well knows that the Defense Production Act, the Price Control Act, is only effective in the United States.

Mr. MEADER. Yes; but the other nations in this International Materials Conference do not enforce their allocations, so they are free, but the United States is very rigidly controlled.

Mr. SADLAK. The gentleman is so fully well acquainted with the set-up of the International Materials Conference, knows the serious effect its entitlement decrees have on his constituency and on mine, and he and I could go on for a half hour or an hour today to talk about this program. The time being limited on this amendment, I hope I will have the opportunity before the Committee on Banking and Currency on next Wednesday to discuss the IMC and, more specifically, its relation to the Defense Production Act in my bill H. R. 7157.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. SADLAK. I yield to the gentleman from California.

Mr. McDONOUGH. Just recently we were informed that Canadian newsprint was going up \$10 a ton. The International Materials Conference has been the agency that has decided where newsprint produced in the United States shall be allocated to foreign countries. In one instance they allocated some 350,000 tons of newsprint to India, which has reduced the amount of newsprint available to the people of the United States and has had a decided influence

on the increase in cost of newsprint from Canadian sources.

There are other materials besides copper that are affected by the International Materials Conference. I certainly agree with the gentleman's statement that it is without statutory authority. It seems to be without any authority at all. It should be thoroughly investigated and the facts revealed.

Mr. SADLAK. I thank the gentleman.

Mr. Chairman, I am wholeheartedly in favor of this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. MORTON].

Mr. MORTON. Mr. Chairman, let us get off this international cartel business and talk about the Gwinn amendment for a minute.

At the end of next month we are going to sell about a million dollars worth of horses down in Lexington, Ky., at the Keeneland sales. If a guy wants to sell a horse there and get anything for it, he wants to get about eight people bidding on it. The guy who has only one person bidding on his horse goes home pretty sick.

This Gwinn amendment does this, it stops the bidding on copper. If the copper goes to England, France, Switzerland, or wherever it goes, it means that we buy it. We will then have a greater control over the price than if we give them the money and have them bidding up these critical raw materials that we cannot get.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. MORTON. I yield to the gentleman from Ohio.

Mr. VORYS. Each of these countries has other dollars outside of those it gets from us. We cannot by this amendment prevent their bidding.

Mr. MORTON. As I understand this amendment, it requires us to purchase the critical materials, those that are under control and allocation. It requires us to purchase them with the dollars. They get just as much, but it merely means that there are not 15 or 20 people bidding on this poor old nag that cannot outrun an ape, anyhow.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

(Mr. JAVITS asked and was given permission to yield the time allotted to him to Mr. MANSFIELD.)

Mr. MANSFIELD. Mr. Chairman, I think these two amendments are too far reaching to be given the consideration which they should have in this short period of time.

I can well understand the position of my good friend the gentleman from Connecticut [Mr. SADLAK] because he comes from a copper-fabricating State. I can well understand and agree more with my friend the gentleman from Michigan [Mr. MEADER] because he recognizes the value of copper, as long as we are using that as an illustration, in the manufacture of automobiles and allied products.

I think we ought to keep in mind the fact that this country is facing an annual deficit of 500,000 tons of copper. We are not spending something like \$1,000,000,000 in this bill for metals, as stated by the gentleman from Connecticut [Mr. SADLAK]. There is not that kind of money allocated for this particular purpose. As far as our strategic mineral stockpile is concerned, it is a very, very small one. You cannot tell when we will need such things as copper, manganese, chrome, and so forth, which we have in low supply at the present time.

I wonder if you realize that we import 40 percent of our copper. A good deal of it comes from Chile. At the present time there is a strike on down there which has been in existence for some weeks. I do not know whether or when it is going to be settled. Further, the government down there has withdrawn its agreement insofar as the export supply of copper is concerned. It wants a higher price than it is getting now. That means, of course, that if this matter is not settled very shortly the pinch in our own country will be that much more severe.

We import 90 percent of our manganese. In my State of Montana we mine 90 percent of the entire supply of manganese in this country. We import 95 percent of the chrome, and we have to depend for 5 percent on our own resources.

I think we ought to consider this matter very, very carefully, because, first, of the impact it will have on American industry, especially in the Detroit area, and, secondly, and perhaps more important, the effect it will have on our strategic stockpile.

Mr. SADLAK. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from Connecticut.

Mr. SADLAK. The gentleman knows of the mines which have been recently opened in his State and in the State of Michigan. In upper Michigan, where we are now subsidizing those higher-cost mines, even though they mine copper, we do not get the benefit of it. It goes into the pot for distribution by the IMC.

Mr. MANSFIELD. May I make a correction there? They recently opened mines in the State of Michigan, that is true, but as far as the mines in Montana are concerned, they are down below 5,000 feet, and the deeper they go the richer they are.

Mr. SADLAK. Let me refer to an excerpt from the New York Times of May 22, that the United States is lifting the ceilings on copper imports and will now permit a larger price to be paid on copper from Chile. It also says that the price of domestically produced copper has been fixed for some time at 24.5 cents, and officials said today it will remain at that level.

Mr. MANSFIELD. I believe the price is still too low, because we are faced with a terrible situation insofar as our copper supply is concerned. Twenty-five years from now there will not be a copper camp in the United States and 100 years from

now Butte will still be producing. But on a world-wide scale the stuff is not there, and it is going to become more and more valuable as time goes on.

Mr. Chairman, I hope both these amendments are defeated.

The CHAIRMAN. The time of the gentleman from Montana has expired. All time has expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. MEADER] to the amendment offered by the gentleman from New York [Mr. GWINN].

The question was taken; and on a division (demanded by Mr. MEADER), there were—ayes 39, noes 59.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. GWINN].

The question was taken; and on a division (demanded by Mr. SADLAK), there were—ayes 30, noes 74.

So the amendment was rejected.

The CHAIRMAN. If there are no further amendments to section 3, the Clerk will read.

The Clerk read as follows:

SEC. 4. Title II of the Mutual Security Act of 1951 is amended as follows:

(a) At the end of section 201 add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$606,370,000, to carry out the purposes and provisions of this section; and in addition balances of any appropriations heretofore made pursuant to this section unobligated as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(b) At the end of section 203, which relates to economic and technical assistance for the Near East and Africa, add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$55,000,000, to carry out the purposes and provisions of this section; and in addition balances of any appropriations heretofore made pursuant to this section unobligated as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(c) After section 205 add the following new section:

"Sec. 206. In addition to the amounts authorized by section 203, there is hereby authorized to be appropriated not to exceed \$65,000,000 for carrying out the purposes and provisions of section 204 of this act, relating to Palestine refugees, during the fiscal year 1953; and not to exceed \$76,000,000 for carrying out the purposes and provisions of section 205 of this act, relating to refugees in Israel, during the fiscal year 1953: *Provided*, That amounts appropriated pursuant to this section which the President finds cannot be effectively expended to carry out the purposes and provisions of sections 204 and 205 may be transferred to and merged with the appropriations authorized by section 203."

Mr. VORYS. Mr. Chairman, I offer three amendments.

The Clerk read as follows:

Amendments offered by Mr. VORYS:

On page 16, line 13, amend subsection (b) to read as follows:

"(b) Amend section 203 to read as follows: 'In order to further the purpose of this act in Africa and the Near East there is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$55,000,000 to carry out the purposes and provisions of this section; and in addition balances of any appropriations heretofore made pursuant to this section unobligated as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized. Funds appropriated pursuant to this section shall be available under section 503 of this act and the Act for International Development (22 U. S. C. 1557).'"

On page 18, line 4, strike out "(b) at the end of subsection 302 (a)" and insert the following:

"(b) In the second sentence of subsection 302 (a) strike out the words 'the applicable provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), and' and insert in lieu thereof 'section 503 of this act and the applicable provisions' and at the end of such subsection."

On page 20, after line 22, insert the following:

"(c) Amend section 503 by inserting '(a)' after (503) by redesignating paragraphs (a), (b), and (c) as (1), (2), and (3), respectively, and by adding at the end thereof the following new subsection:

"(b) (1) Except as provided in paragraph (2), the Economic Cooperation Act of 1948, as amended, is repealed.

"(2) Of the powers, functions, and responsibilities transferred to the Director for Mutual Security by section 502 (b) (2) of this act, only those which are exercised pursuant to the provisions of the Economic Cooperation Act of 1948, as amended, enumerated in paragraph (3) of this subsection and are not in conflict with the other provisions of this act, as amended, may be exercised after June 30, 1952. Of the powers, functions, and responsibilities conferred on the President or the Secretary of State by the Economic Cooperation Act of 1948, as amended, only those conferred by the provisions of that act, as amended, which are referred to in paragraph (3) of this subsection may be exercised after June 30, 1952.

"(3) The provisions of the Economic Cooperation Act of 1948, as amended, referred to above are the following: Sections 104 (e) and (f); 107; subsections (c) and (d) of section 109; 110 (a) and (b); 111; 112; 113; subsections (d), (h), and (i) of section 114; 115 (a); paragraphs (1), (2), (3), (4), (5), (6), (7), (8), (9), and (10) of section 115 (b); subsections (d), (h), and (j) of section 115; section 117 (c); section 119; and section 120. Where any of the above provisions refer to the purposes of the Economic Cooperation Act of 1948, as amended, such reference shall be deemed to be the purpose of this act, as amended."

"(d) In subsection (a) of section 504, strike out all after 'Senate' and insert in lieu thereof a period and the following sentences: 'The Deputy Director shall receive compensation of \$17,500 per annum. The special representative in Europe shall receive the same compensation and allowances as a chief of mission, class 1, within the meaning of the act of August 13, 1946 (60 Stat. 999) and have the rank of Ambassador Extraordinary and Plenipotentiary. The deputy special representative in Europe shall be entitled to receive the same compensation and allowance as a chief of mission, class 3, within the meaning of the act of August 13, 1946 (60 Stat. 999), and have the rank of Ambassador Extraordinary and Plenipotentiary.'"

Renumber subsequent subsections accordingly.

On page 26, lines 12 and 13, strike out the words "the Economic Cooperation Act" and insert in lieu thereof "section 503 of this act."

Mr. VORYS (interrupting the reading of the amendments). Mr. Chairman, if I may have the attention of my chairman, in view of the fact that this amendment was read at some length yesterday evening, I ask unanimous consent that the reading of the amendment be dispensed with, and also that the various sections of the amendment be considered together at this time.

Mr. RICHARDS. Mr. Chairman, reserving the right to object, as I understand it, this is an identical amendment to be put into this section, which was passed in the other section last night, and also that you have identical amendments to go in titles III and IV; is that correct?

Mr. VORYS. They are similar technical changes, and there is an amendment to go in title V, which I discussed at some length yesterday evening.

Mr. RICHARDS. In substance, the amendments are the same? In other words, they are cut to apply to the particular section involved?

Mr. VORYS. That is correct.

Mr. RICHARDS. Mr. Chairman, in view of that I see no objection to considering all three amendments, as read, and neither do I see any objection to considering all three amendments at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. Mr. Chairman, I shall not detain the committee for 5 minutes. This is a somewhat elaborate series of amendments but has only one purpose, and that is to do away with the possibility of legislation by letter writing, and have Congress legislate, so as to make definitely clear in law what has been stated to be the fact, and that is that the ECA, as such, and the Marshall plan, as such, and the European recovery plan, as such wind up as per schedule on June 30, 1952.

These elaborate sections are necessary to get the program under three acts instead of four. If this amendment is adopted we will then have a single director for the Mutual Defense Assistance Act; the Mutual Security Act; and phases of the act for international development, but we will no longer have four laws, and have him still operating ECA. The appropriate necessary provisions are retained. In view of the fact that the House has already adopted this principle and part of the amendment, I would hope the House would adopt the rest of the amendment.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. JAVITS. If the gentleman will permit me, I would like to say to the gentleman that having the natural disquiet of a lawyer I would doubt very much that the President's letter writing could take the place of enacted law. I feel this amendment is designed to tighten up, not to weaken the law. May I say further, to remove any disquiet the chairman may

feel, that in conference a very thorough review will undoubtedly be made to be sure that every power that is really needed is actually in the bill.

Mr. VORYS. I thank the gentleman. He had a somewhat similar amendment. Let me say this, that once the House decides that this is what we are going to do and the way we are going to do it, you may be sure that the Government lawyers, the committee staff, and the lawyers of the committee will "nit-pick" this thing to make sure we have made no mistakes.

Mr. RICHARDS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, last night when a similar amendment came up as to title I of the bill I objected as strenuously as I could and fought the amendment as strongly as I could. I did not think the amendment should be in the bill. But in view of the fact that it was placed by the Committee of the Whole in title I, I agree with the position taken by the gentleman from Ohio that it should also be in titles II, III, and IV; and therefore I will not oppose it.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. ROOSEVELT. Will there be a roll call vote on all these amendments en bloc? Does the gentleman contemplate that? I think it is a very serious move that we have taken here; I think it is a mistake.

Mr. RICHARDS. It is. There could be a roll call, although I am not saying that we will demand a roll call; and I do not want anybody in the House to get the impression that I favor these four amendments, but in view of the fact that one has been placed in title I, if that is to be retained I think all four should be retained.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The question was taken; and on a division (demanded by Messrs. GROSS and CRAWFORD) there were—ayes 54, noes 76.

Mr. HALLECK. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. RICHARDS and Mr. VORYS.

The Committee again divided; and the tellers reported that there were—ayes 101, noes 99.

So the amendment was agreed to.

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: On page 16, line 24, strike out the period and insert the following: "Provided, That the dollar costs of the United States under the act for international development for the program in any country in any fiscal year for supplies and equipment shall not exceed three times the dollar costs of the United States for United States technicians and the training of local personnel."

Mr. SMITH of Wisconsin. Mr. Chairman, my amendment seeks to limit the dollar costs for supplies and equipment under the act for international development.

There is evidence that those who are administering the program have inaugurated, as I see it, a great WPA program, on a global scale. It is up to this Congress to determine just how far we are going to permit the planners in MSA to establish a program of technical assistance which is not based on common sense, unless we apply the brakes today there is no telling just how fantastic it will be in the future.

Now, I have here, and I want to put in the RECORD, some evidence which shows how foolishly some of this money is being spent.

I am wondering if you know that during 1951 there were 505 teams from 15 European countries and 33 teams from 6 Far East countries who participated in the ECA and the MSA program.

I have before me a statement prepared by MSA for me as to the number of teams that were here on various projects. I will place that statement in the RECORD, so that all Members may read it. I do not have the time to read it now, but it is fantastic. One might draw the conclusion that what we are trying to do under this program is to make Europe and Asia over in our own image. But here is, page after page, a list of projects involving people from all over the world who have come to this country at the expense of the American taxpayers. This is the most extensive and expensive excursion party ever conducted for free to those who come to this country. Here are 92 teams, for instance, from France, and this is only one instance, and so it goes on and on. I will not take the time to read this exhibit, but it will be in the RECORD so all Members may take their time to read. It will be very revealing, I assure you.

EUROPEANS AND ASIANS VISIT THIS COUNTRY ON VARIOUS PROJECTS AT EXPENSE OF AMERICAN TAXPAYERS

Five hundred and five teams from 15 European countries and 33 teams from 6 far eastern countries were sponsored by ECA-MSA during calendar year 1951. A total of \$6,694,353 was obligated to cover the dollar expenses of the European team members, and \$699,000 was obligated for the far eastern team members while in the United States.

The cost of the program in 1951 was \$7,393,353, and it is anticipated that for 1952 the cost will exceed that of last year.

PART A. FROM EUROPE

PROJECT TEAMS ACTIVE IN THE UNITED STATES DURING 1951

Austria: 16 teams

Trade-union journalists.
Agricultural extension services.
Agricultural organization study.
Chemical wood study.
Agricultural electrification study.
Agriculture extension techniques.
Plant protection study.
Artificial insemination techniques.
In-plant training for engineers.
Young farmers.
MIT foreign student summer project.
Young Women Farmer Trainees.
4-H directors.
Large farmers.

Harvard trade-union program.
Farm management institute.

Belgium and Luxemburg: 25 teams

Chemical research.
Plastics research.
Foundry team.
Forging and stamping team.
Soil study techniques (Congo).
Agricultural prices, marketing, and distribution.
Statistical services (Congo).
Youth leader.
Agriculture economics study.
MIT foreign student summer project.
National income statistics study.
Dairy study.
Grassland study.
Agricultural economics extension.
Agricultural engineering study.
Potato root eelworm control and eradication.
Horticulture production improvement.
Livestock diseases due to mineral deficiencies.
Vitamin deficiencies in poultry.
Livestock feeding.
Wood technology.
Farm machinery.
Soil improvement methods.
Climatology and microbiology (Congo).
Crop forecasting techniques (Congo).

Denmark: 61 teams

Home economics study.
Drainage engineering.
Air traffic control.
Farm machinery study.
Young farmers.
Plant breeding.
Youth leaders.
Artificial insemination methods.
Improvement in seed and seed grain production.
Cattle breeding.
Pig breeding.
Agricultural information.
Quarantine and control measures in agriculture.
Methods in plant breeding.
Insulation and ventilation of agricultural buildings.
Servo-technique.
Paint and varnish study.
Developments in use of concrete.
Hosiery team.
Foundry team.
Storing and canning of fish.
Mastitis in cattle.
Animal diseases.
Power station maintenance.
Chemical analysis of metals.
Foundry machinery study.
Forage crops and hybrid corn.
Agricultural films.
Plant breeding.
Veterinary hygiene.
Quality standards for dairy products.
Synthetic materials in textile industry.
Soil fertility and chemical testing of soil.
Agricultural bookkeeping.
Farm mechanization study.
Meat industry productivity team.
Fractional distillation mission.
Building construction productivity team.
Herbicide, insecticide, and fungicide study.
Dairy research study.
Welding techniques.
Home economics extension.
Cheese-making techniques.
Dairy industry study.
Forestry research.
Poultry study.
MIT foreign student summer project.
Agricultural building design.
Harvard advanced management course.
Mining of nonferrous metals.
Vegetable and fruit canning.
Farm management research.
Ensilage research and experimental work.

Potato breeding.
 Lightweight concrete industry.
 Harvard advanced management program.
 Lime and tile industry productivity team.
 Phosphate fertilizer production.
 Shipbuilding study.
 Civil aviation operational methods.
 Manufacture of 50-caliber ammunition.

France: 92 teams

Young productivity trainees.
 Secondary nonferrous metals productivity team.
 Citrus fruit genetics and production.
 Citrus fruit marketing.
 Soils study group.
 Building construction productivity team.
 Export accountant study.
 Nonferrous metal mining group (Africa).
 Iron and steel productivity team.
 Sulfuric acid, phosphate and mixed fertilizers productivity team.
 Metal mining productivity team.
 Commercial poultry husbandry study.
 Industrial training methods study group.
 Petroleum engineering trainees group.
 Miscellaneous industries market study group.
 Plastics manufacturing productivity team.
 Handling and stevedoring in ports productivity team.
 Insurance productivity team.
 Simplification, standardization, and specialization study group.
 Railroad equipment productivity team.
 Farm work simplification.
 Overseas territories farm machinery study.
 Wage systems study team.
 Plywood, veneer, and wood crates.
 Paper and paperboard productivity team.
 Optical and precision instruments distribution study.
 Glass industry productivity team.
 Highway transportation study group.
 Plant insect and disease control study group.
 Cotton weaving productivity team.
 Steel drawing and rolling productivity team.
 Rehabilitation of disabled persons.
 Rice culture study group (metropole and overseas territories).
 Insulated wire and cable industries productivity team.
 Rural youth leaders.
 French publishers' and editors' productivity study.
 Emergency controls and Federal agencies.
 Lime and cement productivity team.
 Forestry research.
 Root diseases study in cereals.
 Soil study.
 Management-labor relations within industry.
 Agricultural cooperatives study.
 Corn breeding and selection.
 Pastures and forage.
 Graphic industries productivity team.
 Paint and varnish productivity team.
 Fruits and vegetables production and marketing.
 Architects, engineers, contractors productivity team.
 Motors and turbines productivity team.
 Machine tool accessories and power hand tools productivity team.
 Alloying, rolling, and drawing of nonferrous metals productivity team.
 Plumbing, heating, air-conditioning productivity team.
 Foundations, main walls, material lifting equipment study group.
 New materials, prefabrication productivity team.
 Carpentry productivity team (building construction group).
 Metal construction productivity team (building construction group).
 Chlorine and chlorine derivatives industry productivity team.

Town planning, legislation, and financing.
 MIT foreign student summer project.
 Young farmers.
 Tile and brick productivity team.
 Fruit canning and jam manufacturing productivity team.
 Lead and zinc ore smelting productivity team.
 Textile dyeing and finishing productivity team.
 Glove industry market study group.
 Vegetable canning productivity team.
 Young farm women trainees.
 Silk and artificial fibers throwing and weaving.
 Provincial press study group.
 Productivity and full employment study.
 Government road construction engineers.
 Fruit juice processing.
 Work accidents and occupational diseases prevention.
 Corn improvement study group.
 Gas industry technical study group.
 Management engineers study group II.
 Laundry and dry-cleaning productivity team.
 Techniques of collective bargaining.
 Meat packing and canning industry productivity team.
 Welding industry technical study group.
 Men's ready-made clothing study.
 Farm management institute.
 Woolen industry productivity team.
 Union organization and functioning.
 Electric power production and distribution study.
 Land-tenure conference.
 Agricultural economics services.
 Integration of the worker within the enterprise study.
 Techniques of collective bargaining, group B.
 Techniques of collective bargaining, group C.
 Business legislation study.

Germany: 29 teams

Techniques of cellulose production.
 Telecommunications study.
 Telecommunications technology.
 Coal mining productivity team.
 Farm machinery study.
 Bread making.
 Control of X-disease in livestock.
 Artificial insemination of dairy cattle.
 Poultry production.
 Agricultural information.
 Animal husbandry and livestock feeding.
 Irrigation equipment methods and management.
 Dairy production management and distribution.
 Marketing agricultural products.
 Soil conservation.
 Agricultural statistics.
 Farm machinery extension methods.
 Farm credit.
 Plant breeding.
 Forest tree nurseries.
 Retail food distribution.
 Manufacture of artificial limbs.
 MIT foreign student summer project.
 German productivity center team.
 Manufacture of fireproofing products.
 Harvard advanced management and trade-union program.
 Development of agricultural program and legislation.
 Land tenure conference and training program.
 Chemists study tour.

Greece: 18 teams

Public health training program.
 Ground water irrigation techniques.
 Union administration program.
 Civil aviation training.
 Surface water research and irrigation practices.
 Nutrition study and training.
 Agricultural home economics extension.

Irrigation management and land preparation techniques.
 Range management.
 Extension study and training.
 MIT foreign student summer project.
 Agricultural credit specialist.
 Cereal and oilseed processing.
 Electric power system trainees.
 Extension training methods.
 Open house for rural youth leaders.
 Medical and public health training.
 Land tenure conference and training course.

Iceland: 8 teams

Geophysical prospecting study.
 Canning and freezing of fish.
 Utilization of fishery byproducts.
 Soil survey study.
 Young farmers.
 MIT foreign student summer project.
 Labor leaders.
 Paint factory in-plant training.

Ireland: 28 teams

Farm management.
 Tourist industry development.
 Airlines operations.
 Air traffic control.
 Aeronautical telecommunications.
 Weather forecasting.
 Poultry production technology and extension.
 Port and docks study.
 Phosphate fertilizer manufacture.
 Higher agricultural education and research.
 Farm mechanization study.
 Farm management study.
 Agricultural credit facilities.
 Sugar-beet industry—genetics.
 Sugar-beet industry—chemical engineering.
 Oatmeal processing study.
 Restrictive trade practices.
 Animal nutrition.
 Young farmers.
 Youth leaders.
 MIT foreign student summer project.
 Airlines study II.
 Soil research.
 Paper industry productivity team.
 Plant nutrition.
 Trade union and productivity project I.
 Harvard trade union course.
 Chemists study tour.

Italy: 18 teams

Civil aviation team.
 Livestock genetics and breeding.
 Forage crop production study.
 Extension techniques in fruit production.
 Plant quarantine study.
 Nonferrous metals team.
 Solid, liquid and gaseous fuels testing.
 Telephone team.
 Port study.
 Industrial organization and management.
 Training steam power operators.
 Story of budget and fiscal techniques.
 Young farmers.
 MIT foreign student summer project.
 Reclamation and land improvement.
 Farm management institute.
 Conciliation and arbitration procedures study.
 Land tenure conference.

Netherlands: 49 teams

Knitwear team.
 Methods of artificial insemination of animals.
 Surinam citrus processing.
 Organizational efficiency study.
 Letterpress productivity team.
 Lithography productivity team.
 Poultry farming.
 Home economics study.
 In-plant training—textile industry.
 Trade-union productivity team.
 Dairy research.
 Young farmers study III.

Cotton spinning and weaving productivity team.

Tuberculosis of cattle.
Poultry disease study.
Swine disease study.
Sterility in cattle.
Brucellosis and mastitis study.
Paper and board packing specialist team.
Heavy clothing industry productivity team.
Agricultural productivity study.
Leather research.
Enamelware study.
Grey iron foundry productivity team.
Small fruits production.
Fruits and vegetables processing.
Soil research.
Horticultural engineering study.
Land improvement study.
Taxation and tax administration.
Oak, elm, and birch disease study.
Industrial electrical equipment team.
Farm women trainees.
MIT foreign student summer project.
Seed treatment and testing.
Alfalfa production.
Soil and land classification.
Improvement of production and processing pulses.
Industrial relations study.
Pests and diseases of agricultural crops.
Research on tension and vibrations.
Farm management institute study.
Vegetable seed production and marketing.
Harvard advanced management course.
Cattle feeding.
Electrical appliances and telecommunications.
Equipment industries study.
Land tenure conference and training program.
Gas industry study.
Electroplating productivity team.

Norway: 46 teams

Milk production and processing.
Textile productivity group.
Agricultural engineering.
Management engineering.
Organization of telegraph and telephone service.
Extraction, refining and use of mica and nepheline.
Pulp and paper team.
Agricultural extension service.
Soil conservation and utilization.
Farm youth organization survey program.
Dairy industry.
Animal husbandry extension study.
Seed testing techniques.
Methods of combatting and diagnosing metabolic diseases.
Methods of silage production.
Horticultural extension study.
Agricultural engineering and architecture.
Administration of farm managerial services.
Potato breeding.
Soil surveying and testing.
Labor-management techniques on scientific management.
In-plant training-management.
Industrial management study.
House building industry productivity team.
Rubber reclaiming study.
Propagation of trees and bushes and nursery management.
Young farmers.
Agricultural films study.
Regional planning for industrial improvement.
Highway transportation study.
Mining industry productivity team.
Forestry statistics.
Industrial and public management study.
MIT foreign student summer project.
Farm management study.
Agricultural radio programs.
Young women farmer trainee program.
Agricultural productivity study.
Farm building team.

Harvard advanced management program.
Forest research.
Government regulations in dairy industry.
Harvard trade-union program.
Telecommunication equipment study.
Forestry productivity team.
Chemists study tour.

Portugal: 6 teams

Financial statistical studies.
Foreign Trade Zone study.
MIT foreign student summer project.
Harvard advanced management program.
Agricultural extension.
Soil conservation.

Sweden: 15 teams

Modern woodworking practices.
Management-labor cooperation study.
Iron ore beneficiation.
Agricultural machinery testing and selection.
Young farmers.
Modern woodworking practices.
Soy bean breeding.
Youth leader.
Agricultural film study.
Electric power study.
Statistical methods.
MIT foreign student summer project.
Industrial and business management study.

Farm women trainees.
Harvard advanced management course.

Turkey: 22 teams

Training in meteorology forecasting.
Statistical study.
Irrigation and water development training.
Agricultural technicians.
Agricultural study.
Civil aviation training program.
Methods of reforestation.
Livestock production and meat industry.
Animal nutrition.
Training in telephone administration.
Soils and soil management.
Public roads study.
Sumerbank executives training program.
Ministry of finance trainees.
Maintenance of steam locomotives.
Advanced public administration training.
Meat packing industry study.
MIT foreign student summer project.
Meteorological executive trainees.
Military chemical arsenal study.
Land tenure conference.
Farm management institute.

United Kingdom: 50 teams

Underground gasification of coal.
Soil fertility study.
Scientific and technological training.
Grassland management.
Grassland study.
Cotton classification and selection.
Technical managers team.
Agricultural economics study.
Agricultural extension study.
Tropical housing survey.
Youth leader.
Telecommunication officers training.
Training in management techniques.
Training in technology and management.
Electrical engineers to study power installation (Maltese Government).
Hotel and catering study.
Agricultural statistics.
Machine tool industry study.
MIT foreign student summer project.
Fruit and vegetable grade assessment.
Agricultural economics research.
Tobacco production and breeding.
Spectrographic quantumometers construction.
Virus research (Tanganyika).
Harvard advanced management and trade-union course.
Grain storage and drying.
Farm management training program.
Training for industry team I (operatives).
Productivity team No. 26 (lithography).
Training for industry team II.

Productivity team No. 29 (iron and steel).
Productivity team No. 27 (coal mining).
Dry grocery industry productivity team.
Training for industry team III (universities and industries).
Productivity team No. 30 (furniture manufacturers).
Specialist team No. 11 (education for management).
Productivity team No. 30 (zinc and aluminum die-casting).
Fruit and vegetable canning industry.
Conservation and substitution of raw and scarce materials.
Processing of fruits and vegetables.
Cake and biscuit manufacturing productivity team.
Provincial newspaper productivity team.
Constructional steelwork industry productivity team.
Short-term storage of fruits and vegetables.
Woodworking machinery productivity team.
Inspection methods in mass-production industries.
Production control methods.
Land tenure conference.
Metalworking machine tool team.
Bristol aircraft technicians.

OEEC: 23 teams

Foreign trade zone study.
BLS study No. 4.
Industrial safety.
Materials handling.
Water, sewage, and garbage treatment.
Industrial cost accounting study.
Nonferrous ore dressing study.
Production and use of printing machinery.
Oil equipment.
Utilization of wood products.
Paper and board packaging study.
Young chemists study tour.
Refining and drilling study.
Highway improvement and utilization.
BLS study No. 5—Productivity measurement.
Forest fire prevention.
Trade-union course.
Industrial census.
Galvanizing techniques.
Heavy metal fabrication.
World Metallurgical Congress.
Nonferrous smelting and refining.
Technical assistance study.

PART B. FROM SOUTHEAST ASIA

Burma: 7 teams

Youth leaders.
Rangoon port rehabilitation.
Inland water transport.
Postgraduate student training.
Land tenure conference and training program.
Agriculture—Training foreign students.
Chemists study tour.

China: 3 teams

Postgraduate students and trainees.
Chemists study tour.
World Metallurgical Congress.

Indochina: 3 teams

Chemists study tour.
Medical training.
Land tenure conference.

Indonesia: 8 teams

Youth leaders.
Public health training.
Animal feeding and breeding.
Cooperative associations.
Chemists study tour.
Wisconsin land tenure training program.
Industrial training.
Improvement of indigenous industries

Philippines: 3 teams

Land tenure conference and training program.
Agricultural training and information.
Chemists study tour.

Thailand: 9 teams

MIT foreign student summer project.
In-service training of irrigation engineers.
Public health training.
Chemists study tour.
Telecommunications training.
Hydrographic training.
Cartographic training.
Civil aviation training.
Land tenure conference and training program.

Mr. BYRNES. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Wisconsin.

Mr. BYRNES. Can the gentleman advise us at all to what extent these people who come over here with these teams and with their cameras and everything else are screened, as far as their relationship with any Communist areas are concerned, or their responsibility as people representing the democracies?

Mr. SMITH of Wisconsin. They are presumed to be screened. I would not offer any statement to satisfy the gentleman from Wisconsin as to just how extensive that screening is. Anyhow, it is a fantastic program that is being set up, and I think that we should put an end to it.

Now then, when this program was started it was not designed to be a great WPA project; it was designed merely to bring technical knowledge and assistance to those countries where we felt that such assistance would help them to help themselves.

One of the first witnesses we had in support of the program was Assistant Secretary of State Thorp, and he testified that this meant providing surplus, plus whatever materials are needed, for demonstration purposes. Now then, they have gone far beyond that proposition. It is not only a matter of furnishing a few men but an endless number of projects never contemplated when the point 4 program was considered. I will enumerate a few, and I am reading from a staff memorandum prepared by the staff of our committee:

The program for each country is divided into six major fields of activity plus one for program direction. These are agriculture; forestry and fisheries; health and sanitation; natural resources, public works, and transportation; industry, handicraft, and housing; and public administration and Government services.

That is the extent to which this technical assistance effort is going. I repeat, it is way out of proportion to anything that this Congress ever intended.

Let me continue. Here, for instance, is a water project, one phase of which includes the construction of a diversion dam, tunnel, and power dam. I will not take the time to go into that matter, but it further illustrates how far the MSA people have gone.

In Pakistan, for instance, 10,000 tons of fertilizer, to include ammonium sulfate, is included in the program. They are building a fertilizer plant in Pakistan. So you see how this is going.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

(By unanimous consent, Mr. SMITH of Wisconsin was allowed to proceed for three additional minutes.)

Mr. SMITH of Wisconsin. We have an educational project in Libya. Of course, the first need was for buildings and equipment, which the Libyan Government is unable to provide because of a deficit situation so far as the budget is concerned. The program for the first year, therefore, is concerned largely with repair and new construction costs in the amount of \$475,000.

In Ethiopia there is an agricultural project, which is built around an agricultural college in which the Emperor is greatly interested. Who would not be interested in it? Also there is a rural-development project to serve as a demonstration area. The program is this field calls for 16 United States technicians, costing \$64,000, and supplies and equipment costing \$478,150.

Mr. CLEVENGER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Ohio.

Mr. CLEVENGER. Is it not true that the aggregate in this bill is greater than the total requested for the State Department, some \$300 million before the House cut it 33 percent in the regular appropriation bill?

Mr. SMITH of Wisconsin. That is my understanding.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from California.

Mr. PHILLIPS. The gentleman is aware of the fact that the men most interested and active in the point 4 program are concerned about the substitution of large amounts of money for the personal service upon which it was originally based.

Mr. SMITH of Wisconsin. Yes, that is correct, as I have personally talked with some of these men. They are vitally interested, and their hearts are in the program.

Mr. Chairman, I ask unanimous consent to insert at this point in my remarks the report from the Board of Consultants to the Food, Agriculture and Resources Development staff, Technical Cooperation Administration, Department of State. It is a letter to Mr. Whipple, the director of that staff, in which they point out very clearly that there is no need for the supplies and equipment that have been going into this program. This group is anxious to see that that program is geared to technical assistance, with a minimum of extras, such as special projects, power projects, fertilizer plants, etc.

Mr. PHILLIPS. Those are the men who are responsible for the success of the program.

Mr. SMITH of Wisconsin. Absolutely. There is no doubt about it.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

(The letter referred to follows:)

MAY 2, 1952.

To: Clayton E. Whipple, Director, Food, Agriculture, and Resources Development Staff, Technical Cooperation Administration, Department of State.

From: Board of Consultants to the Food, Agriculture, and Resources Development Staff, Technical Cooperation Administration, Department of State.

Subject: Recommendations.

The chief purpose of the TCA program is to help people help themselves, in a simple, direct way, rather than to be utilized as an expedient to attain political and/or military policy objectives. TCA should not be required to administer funds not contributing directly to its fundamental aims.

TCA programs can only succeed if governments and people have confidence in the sincerity with which such help is offered.

In carrying out the projects it is necessary that TCA adopt a "grass roots-village" approach. Such an approach will give maximum results with minimum expenditure of appropriated funds. This will require a staff possessing imagination and determination inspired by a spirit of service.

The desire for assistance should arise from a need recognized by a community as important for the achievement of better living.

The full participation of the community should be sought through the utilization of locally available human and natural resources, local institutions and organizations, local leaders, and local labor supply, toward the end of developing local initiative and competence to continue and expand programs.

In the field of agriculture, TCA should emphasize a few key projects that are quickly, economically, and widely reproducible.

In many of these countries there exists a rich fund of proven knowledge and proven practical application of that knowledge which desperately needs to be disseminated to all of the people.

The accomplishment of only a few projects which are simple and already proven will solve the immediate food problem in the underdeveloped countries.

Typical projects are:

Proven varieties for high-yielding crops and improved livestock.

Small farm tools for use with hand and locally available animal power.

Savings of food from loss through proper methods of rodent and insect control and through efficient methods of storage.

Immediate implementation of plans to eradicate rinderpest, hoof-and-mouth disease, and desert locusts.

We believe attention should be given to sound evaluation of water resources and planning for proper control and use of this vital resource through simple methods of application and/or drainage.

In order to provide incentive to farmers and secure to them a greater proportion of the results of their labors, we believe that better methods of marketing and distribution should be instituted everywhere. As an example, in the East this has been amply demonstrated at Hong Kong.

We believe that emphasis on these types of projects represents the basic philosophy and concept of TCA, and, furthermore, that the American people will wholeheartedly support a program of this nature.

In the development of this program we urge the closest possible collaboration with the food and agriculture organization of the United Nations.

Harold B. Allen, Director of Education, Near East Foundation, New York, N. Y.; L. G. Ligutti, Executive Director, National Catholic Rural Life Conference, Des Moines, Iowa; Wm. A. Schoenfeld, Dean Emeritus and Organization Con-

sultant, Corvallis, Oreg.; E. B. Evans, President, Prairie View Agricultural and Mechanical College, Prairie View, Tex.; Abner Bowen, Farmer and Businessman, Delphi, Ind.; John H. Reissner, Executive Secretary, Agricultural Missions, Inc., New York, N. Y.; Raymond W. Miller, Consultant, Food and Agriculture Organization, United Nations, and Lecturer, Harvard Graduate School of Business Administration, Linden, Calif.; C. Leigh Stevens, Agricultural Engineer and Management Consultant, Yemassee, S. C.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Do I correctly understand that the gentleman's amendment prohibits us from spending in any country on the point 4 program more than three times the dollars that we pay for United States technicians and personnel under their direction?

Mr. SMITH of Wisconsin. That is exactly right.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

I hope the House will get first things first in regard to this amendment. This amendment does not add any money to this bill for the so-called technical assistance program. It does not deduct any money from the bill. It says that the individual programs, when it comes to scientific help and supplies, must be operated with a certain ratio as to supplies and technical help. It does not even imply, if you vote for this amendment or vote against it, whether or not you favor the point 4 program. It has nothing to do with that. You will have an opportunity later on to vote your individual conscience on that. Right here, if this amendment is adopted in regard to this program, we would be making a serious mistake, not only on account of disrupting programs that have already begun, but laying down a pattern which will cost the taxpayers of the United States more money if any program is authorized to continue at all.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

If the gentleman will look at page 53 of the committee report, the title here of contributions by the host governments, it says in the first sentence of the second paragraph, "The amount which the host governments contribute," and so on and so forth. What do you mean by host government?

Mr. RICHARDS. Mr. Chairman, I want to speak to the point involved here. The point involved has nothing to do with host governments at all. The point has to do with the contribution of the United States Government in these programs, and how these programs will be operated. It has nothing in the world to do with the point that the gentleman just raised.

Mr. GROSS. This deals with the technical assistance program, and here you speak euphoniously of the host government.

Mr. VORYS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment to the amendment offered by Mr. VORYS: Strike out the amendment and insert "Provided further, That not more than 50 percent of any funds authorized under this act for international development may be expended for the procurement of materials, supplies, equipment, or commodities."

Mr. VORYS. Mr. Chairman, I am thoroughly in accord with what my colleague, the gentleman from Wisconsin, proposes, only I do not think he goes far enough. He is saying we should limit supplies 3 to 1, and I think we ought to make supplies 50-50, in a program that is advertised as merely exporting know-how. For many years, we have had programs for giving technical assistance to various countries. There have been necessary small amounts of materials and equipment for demonstration purposes. But, this year we have a vast program, proposed where the general average is $4\frac{1}{2}$ to 1 for supplies and equipment compared to personnel costs, and in some instances the ratio goes over 10 to 1. It seems to me that is a mistake. There is danger that the technical assistance, point 4 program, will simply become a new form of world-wide economic aid. Of course, these countries will accept supplies. Of course, they will permit us to dig wells and build flood-control projects, and furnish all kinds of equipment. But, it seems to me that we do not have the wealth to do this justly and equitably all over the world, and that we had better not get into that sort of thing.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield for a question?

Mr. VORYS. I yield.

Mr. DAVIS of Georgia. Under your amendment, what portion of \$115,000,000 for India could be used for materials, supplies, and so forth?

Mr. VORYS. I shall have an amendment to deal with the amounts later on.

Mr. DAVIS of Georgia. I mean assuming that the figure was \$115,000,000.

Mr. VORYS. They could use half of it for supplies, and I think over nine-tenths of it is for supplies under the program provided.

Mr. Chairman, this year, during our hearings, we were told we had abroad 698 technicians under point 4. The proposal for next year was that we send out 2,674. We have technical assistance in MSA, and we have economic aid under point 4, and it is a little bit difficult to unscramble them. But let us look at the two together. The proposal under the bill, as it came to our committee, would send United States technicians and experts over the world for this coming year to the number of 4,070, and that we bring foreigners here to learn different things in the number of 8,470, and the cost of all these experts and trainees would be as follows: First, the experts would cost \$48,684,000, and the cost for the trainees would be \$28,360,000, and the cost for supplies and equipment will be \$283,661,000. It seems to me it might be well if we told them not

to spend any more for supplies and equipment than they do for people.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. RICHARDS. Is it not a fact that the gentleman's amendment to title II could apply to only one country, Iran?

Mr. VORYS. No. The gentleman from Wisconsin modified his amendment so that it applied to all countries and all funds under the act for international development, I believe; and, therefore, I patterned my amendment to his amendment. I think it applies to all funds for international development.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. SMITH of Wisconsin. I would like to point out that the amount requested for personnel is \$37,900,000; and the amount for supplies and equipment \$37,908,000.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(On request of Mrs. KELLY of New York, and by unanimous consent, Mr. VORYS was allowed to proceed for two additional minutes.)

Mrs. KELLY of New York. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mrs. KELLY of New York. Will the gentleman's amendment affect only Near East countries in southeast Asia, Latin America and South America, those countries of the world which we are endeavoring to assist but cannot do it militarily?

Mr. VORYS. The amendment reads:

Provided, That not more than 50 percent of any funds authorized under the act for international development may be expended for the procurement of materials, supplies, equipment, or commodities.

Since this is the first time we have come to point four in the bill it seemed no doubt to the gentleman from Wisconsin and it seems to me that this would be a good time to consider any over-all limitations on point four, and this would cover all funds for the point-four program.

Mrs. KELLY of New York. But it does affect those areas of the world more than any others?

Mr. VORYS. No; the largest amount would be for the Far East. But the language, if adopted here in either the amendment or the amendment to the amendment, would cover all of point four in titles II, III, and IV.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield further?

Mr. VORYS. I yield.

Mr. RICHARDS. Does not the gentleman think that if any such amendment is passed, it should be passed after we determine what amount of point-four funds will be affected? As a matter of fact, it does not affect the amount in the bill.

Mr. VORYS. It does not affect the amount; but at the same time I think it would be well for the committee to have such a principle in mind if it is adopted before they consider the amounts.

Mr. RIBICOFF. Mr. Chairman, I rise in opposition to both amendments. I think there are some technical objections to the form and place of the amendment, but since the gentleman from Wisconsin and the gentleman from Ohio have talked about the general merits and embrace all these titles I would like to discuss it on that basis and point 4 as it would be affected.

These amendments show the difficulties you get into when you try to place a strait-jacket on any of these funds. I think the chairman of the committee raised an interesting question: Would not this affect Iran? I would like to give the answer.

Under the proportions set up in title II the only country that would be affected by the cut would be Iran, because the proportion of supplies to personnel in Iran is approximately 4 to 1 and in other countries it is roughly 2 to 1.

I call your attention to what is happening as described in recent newspaper accounts. Russia today is warning what country? Iran. She is warning Iran against the United States. To come to the floor here today when we are discussing a critical proposal of mutual security for the United States and the rest of the world and to pass such an amendment what country is punished? The only country that receives punishment under title II by the Smith or the Vorys amendment is the country of Iran. That certainly would indicate that the United States is not interested in backing up Iran.

This House argued at great length about a year ago over the subject of wheat to India, and after a considerable amount of debate we authorized a wheat loan of \$190,000,000 to keep the people of India from starving. As I recall the debates it was the desire of most of the Members of the House to see to it that India became self-sufficient in the production of food.

The amendments offered by the gentleman from Ohio and the gentleman from Wisconsin extended to other titles, as a matter of fact, would give a death blow to the present program to make India self-sufficient economically in food. The present goal in India is with the United States technical assistance to raise substantially her grain production from 50,000,000 to 57,000,000 tons by 1956.

At the present time there are 467 American technicians in India who are cooperating with 17,000 Indian village workers. These workers need supplies, they need tools, they need fertilizers. It is basically, really, a joint enterprise.

Mr. Chairman, if this amendment is adopted it would cut considerably the ultimate goal of India to become self-sufficient. Where will we be then? Instead of 22,000,000 Indian farmers being benefited you would have to cut this down to 6,000,000 Indian farmers.

I have often wondered as I listened to these debates just what we Americans are trying to do with ourselves? Are we only interested in giving a piece of lead to the people of the world or are we interested in giving them some food to put in their stomachs as well? Say

what you will, you are never going to stop ideas. You are never going to get American idealism across if all you say to people is, We will put a gun in your hand but under no circumstances will we put a plow in your hand or put a piece of food in your mouth. I think that is something the gentleman from Ohio would not advocate.

Just look at the question, What do ideas do? Those of you who are students of Christianity know that for 300 years the Roman Empire tried to keep the idea of Christianity out. In 313 Constantine finally became a Christian and the Roman Empire adopted Christianity. During the preceding period of time when the ideas of Christianity were pressing against Rome and the Romans, all the Christians had was their faith, their belief in the doctrines of Jesus Christ. Yet when the Roman legions came along and threw these Christians into dungeons and into the Colosseum to the lions, the soldiers of Rome constantly saw day after day these people marching to their death yet not losing their faith. What effect did this have? After 300 years it resulted in the Roman soldiers themselves adopting and advocating Christianity.

Is the United States going to say to the people of the world that all we are going to offer you is a gun, a tank, and a plane? This is what you are going to live on. I say if you do that you are really selling America short. You are saying that what America stands for does not count. You are giving Russia the greatest propaganda weapon for saying all the United States is interested in is death and not in life—"They are interested in war, not in peace."

If we are interested in life and peace, let us give some of these people a piece of bread and not just a gun.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

(On request of Mr. HORAN, and by unanimous consent, Mr. RIBICOFF was allowed to proceed for one additional minute.)

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Washington.

Mr. HORAN. Does not the gentleman know that when the Roman Government took over Christianity and accepted it something died in the consecration of the Christians who had suffered by persecution for 300 years? We are now moving in the missionary field. You can recall the Millspaugh mission to Iran in the twenties, its flop in the forties; you cannot overcome the fact that something has to be born in the hearts of the people that we are trying to reach. American money in itself cannot rebuild the hearts and the inspirations that must be born in the hearts of these people.

Mr. RIBICOFF. That is right. I do not think you can buy anything with American dollars, but I think American idealism as set forth in the Constitution, the Bill of Rights, and the Declaration of Independence is something that we can export, and I believe that a little compassion on the part of the United

States for these people in critical areas, to show that we are interested in their future and in their welfare, will do more for the United States of America than sending a few tanks and guns.

The CHAIRMAN. The time of the gentleman from Connecticut has again expired.

(On request of Mr. BYRNES, and by unanimous consent, Mr. RIBICOFF was allowed to proceed for two additional minutes.)

Mr. BYRNES. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Wisconsin.

Mr. BYRNES. The gentleman spoke of India and the relationships there to what we were doing under the technical assistance program. On page 50 of the committee report is a table showing what is anticipated by way of technical assistance, both in technicians and in supplies, for 1953. If I read this table correctly, in view of what the gentleman has said, I am wondering if I am correct. As I read the table, it states that you contemplate spending approximately \$7,000,000 for technicians in 1953.

Mr. RIBICOFF. That is right.

Mr. BYRNES. And \$106,000,000 for supplies and equipment.

Mr. RIBICOFF. That is correct.

Mr. BYRNES. Is that giving technical assistance or is it giving them supplies? It seems to me that proves the point made by the gentleman from Wisconsin who complains that what we are doing is putting the emphasis on supplies rather than on the know-how.

Mr. RIBICOFF. If we are going to let the Indians be able to produce food, what do we have to do? We have to dam some rivers in order to have water for some of their parched land; we have to give them plows; we have to dig wells; we have to give them fertilizers.

The over-all objective is to raise to 57,000,000 tons the productivity of Indian soil, and we are not going to be able to do it with a handful of American technicians. We have approximately 467 American technicians with 17,000 Indian technicians, and then you are going to have this additional amount of supplies and equipment to make possible the production of 57,000,000 tons of grain production. There is a basic problem in India and that is why the supplies are a disproportionate amount.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. Is this not a program based upon the extension services, as we know it in this country?

If you go back and read the testimony of those who sought to justify the program in the first place, you will find that it was based upon the principle of our own extension service. As I understand the gentleman's argument, it is that the extension service is not so important; that we have got to send in supplies and equipment, and there, I say, we are away out of line.

Mr. RIBICOFF. The extension service is very important but I, for one, as

the gentleman knows from the entire debate, refuse to get placed into the strait-jacket that our executive department has dug for themselves. I say to the gentleman that you cannot compare an extension service, with an educated American farmer, as the beneficiary with fertile land and with know-how and technical ability, to the backward countries of the world, where they are so primitive. They do not have the know-how and the tools to work with that the American farmer has under the extension service in the United States.

The CHAIRMAN. The time of the gentleman from Connecticut has again expired.

(By unanimous consent Mr. RIBICOFF was permitted to proceed for one additional minute.)

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Michigan.

Mr. FORD. In the gentleman's initial remarks, he stated that either the Vorys or the Smith amendment would affect only Iran. In the latter part of his remarks he seemed to take a different point of view and said that it would affect India likewise. Can the gentleman explain the inconsistency?

Mr. RIBICOFF. Yes. You will recall that the amendment is addressed to title 2 of the bill. Title 2 covers Africa and the Near East, but the gentleman from Wisconsin discussed all areas, so I was discussing the basic philosophy. Actually, in title 2, Iran is affected. India comes in under Asia, which is under title 3. I was making the over-all point so that we would not have to repeat the same argument when we reached title 3 of the bill. As the amendment stands it would affect only title 2, and I am sure that the gentleman from Wisconsin, if the amendment is adopted to title 2, would also introduce a similar amendment to title 3. That is the explanation to the gentleman from Michigan.

Mr. CARNAHAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would just like to point out to the committee that this is an excellent example of attempting to legislate hurriedly here in a few minutes to set up steadfast rules of what the divisional expenditures shall be between supplies and technical assistance under the point 4 program. This program, as you all know, is devoted very largely to food production, health, and education. Now, we are expected to choose between whether or not we shall make this ratio 4 to 1 or 1 to 1, and to me that is an excellent example of just how well the amendments have been thought out.

How can we intelligently select between 4 to 1 and 1 to 1? Why not let the program go ahead as it is intended and let the needs of the program decide what the division should be made?

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield to the gentleman from Ohio.

Mr. VORYS. I had intended to ask my colleague, the gentleman from Con-

necticut [Mr. RIBICOFF] to yield, but everybody else was asking him to. But I want to call the attention of the committee to this fact: That the Ribicoff amendment, which will be found on page 23, line 20, provides \$100,000,000 of funds made available under the Mutual Security Act, of which \$20,000,000 to any country may be supplied without regard to any conditions as to eligibility. I voted for that. The purpose was to put flexibility in here so that emergency or unique situations, such as Iran or other places, could be taken care of. There certainly will not be enough money in there to carry on Chester Bowles' program in India, but there will be enough money in the Ribicoff amendment to take care of items in countries where there are special conditions. I just wanted the committee to know about this important amendment which I supported and which I hope stays in the bill which gives great flexibility in taking care of special situations. Since this is in here, it seems to me we are justified in putting a modest limit on the amount of economic aid that can be sent around the world under point 4.

Mr. RIBICOFF. I would say to the gentleman regarding the Ribicoff amendment, everybody is climbing aboard to get something out or to get something in. If that continues very long there will not be very much left.

Now, we have many countries involved, and with \$100,000,000, with not more than \$20,000,000 to one country, it certainly will not take care of the situation sought to be taken care of, either by the gentleman from Wisconsin or the gentleman from Ohio. There are other special needs that may come within this section of which the gentleman from Ohio is well aware.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

Mr. H. CARL ANDERSEN. I object, Mr. Chairman.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I honestly feel that the best part of this program is probably the point 4 program if it is properly administered.

The gentleman spoke about the situation in India, to teach the people over there to produce more of their food. As I recollect it, it is not so many days ago that I read an article in the papers that they were reducing their food production and going into the production of more hemp for bagging. It is rather strange that these four-hundred-and-some technicians over there do not carry out the program according to the intent of the drafters of this legislation.

Speaking about the food that the gentleman states we should give the people in India so that they can have something to live on, as a good Christian duty, if they are getting any of the food that we ship over there to the Government and the program is administered in the same way it was in Europe, with the billions of dollars worth of food

we sent to Europe, the poor people who do not have any money do not get that food. They have to buy food in order to get it, and they have to buy it from the Government through the regular channels.

I want to make an observation on the technical assistance and supplies program. I had occasion to be a member of the Herter committee, of which the distinguished gentleman from Ohio and other distinguished chairman of this committee were members. I traveled in all of the countries that were to receive our aid and assistance. I had occasion last year to travel over some of the same countries. I went through the countries to see what they were doing as to food production. I ran into some of our technical experts from the United States. The first place I ran across them was in Western Germany, where I traveled for 2 days with a colleague of mine to see what they were doing to produce their own food. I found the Germans very thrifty and hard working. They were working on their little 5- or 10-acre farms, with one horse, and every member in the family was working. To my amazement I found they were producing about two and one-half or three times as much per acre as we were producing in the United States.

We got down to one of the elegant hotels maintained by the State Department near Bonn, and there I ran into one of our agricultural experts. I said, "What are you doing over here?" He said, "Oh, we are over here trying to tell these people what to produce and how to run their farms." I said, "Don't you know that they are producing two or three times more than we are in the United States, and that we could learn a lot from them?" He said, "Well, I know that." I suppose this man gets \$12,000 or \$15,000 a year and expenses, and lives on the fat of the land. He said, "I know what they are doing." I said, "Well, then, what are you doing over here?" He said, "We are trying to get these people to use tractors."

I said, "Do you mean to tell me you are trying to get these people who operate these 3-, 4-, 5-, or 10-acre farms to use tractors, where they can do it with one horse and with the aid of members of their family?" He said, "Of course, it would not be practical for them to use tractors." So I said, "What in the world are you doing to earn your money?" He said, "We are trying to get some of the big farmers in France, Germany, and in the other parts of Europe to use these tractors."

I do not think we can teach those people very much. They resent our interference. They resent the fact that we have the men come around there telling them what to do, when they are probably doing in Europe twice as well as we are to produce the food that is necessary to maintain themselves and their economy.

I have also been in other parts of the world. I have not been in Iran, but it seems to me last year I heard they were going to ship over scores of self-propelled combines to Iran and Iraq.

What would they do with them? They are farming there in the most primitive manner. They have no need for such equipment. If we can get down to earth with this program and give these people probably a little more modern equipment, a scythe or something to work with, rather than to work with a hoe, and a few other things, then we will be doing something for them rather than something to them, and wasting our resources and injuring them in the long run.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. HARVEY. I, like the gentleman, am prompted to think that some technical assistance is truly worth while, but I recall the attention of the gentleman with regard to Iran, that the present program calls for \$28,000,000 for technical assistance to Iran, and ironically enough that is exactly the amount we have appropriated in the agriculture appropriation bill for extension services for the whole United States.

Mr. AUGUST H. ANDRESEN. That is not very much for what we are doing here to produce food that some of us are asking to give away to the rest of the world.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. MASON. I just wanted to bring out the point that in India the counterpart funds are being used exactly as in Europe so that the wheat that we send there is sold by the Government to anybody who can afford to buy it, and the money put into the counterpart funds, and out of the funds they make improvements or anything else they want to do.

Mr. AUGUST H. ANDRESEN. I take it that the hungry people who do not have the money are still hungry.

Mr. MASON. Of course.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. SMITH of Wisconsin. Is it not a fact also that it is almost impossible at the present time to get technicians to send to all these different parts of the world?

Mr. AUGUST H. ANDRESEN. When I heard that there were over 400 in India, I just wondered where they got hold of all these technicians. Maybe they picked up men who were in the Army, and who could not get much of a job in the United States, and sent them over there as agricultural experts.

(Mr. AUGUST H. ANDRESEN asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I wonder if our chairman might attempt again to secure limitation of time for debate on the pending amendment?

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that debate on this amendment, and all amendments thereto, close in 15 minutes.

Mr. CRAWFORD. Reserving the right to object. That may be all right with some of the Members, but each

of us have a responsibility here, and I propose to carry out my responsibility. I want to see first how much time each Member would have to speak.

Mr. CARNAHAN. Mr. Chairman, I ask unanimous consent that debate on this amendment, and all amendments thereto, close in 20 minutes, which, I believe, would leave almost 4 minutes for each Member.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I think we have reached the place in the debate where it would be helpful if someone on the House Committee on Foreign Affairs would give a technical definition of what constitutes know-how. If you give me permit to export know-how, at the moment I do not know what you mean. If you give me a permit to export an automobile or a Ford tractor or a Farmall tractor, I would know what you were talking about. The administration and the proponents of this program have led hundreds of people in my district to believe that this know-how program deals basically with the export of technical information. I have been over in the other fellow's chicken yard looking around a little bit, too. I have talked with some of the staff of our commercial departments of the embassies throughout the world and obtained their reactions, and where I have pinned them down, they have said to me, "Now, listen, Congressman, you have raised the question here about a custom or a practice that has been in operation in this country for 100 or 200 or 300 years, and when you ask why we do not attempt to use our know-how to change that custom, we are simply telling you that we are not sticking our noses into that proposition. We have all the trouble we want." I have replied to that very emphatically, "Well, if that is the attitude of the American staff, then I do not propose to vote for the cost of the exportation of know-how." If it is not to be used, why spend the money?

Mr. Chairman, we are a great people for getting down on our knees and praying a prayer under a certain slogan, and in 20 minutes after somebody starts to answer the prayer, we change the slogan and the program. That is exactly what is occurring here with the point 4 program. I am for either one, or both, of these amendments—not that I think we ought to send two-thirds in the form of material and only one-third in the form of technical knowledge, or that we should send 50 percent in the form of material. You are sending all the material that you can get your hands on, and squeezing all of the tax dollars from our taxpayers to pay for it, irrespective of this program.

I am not too anxious to support everything that comes to me, but if you do want the expert American technical knowledge made available to other people and you can get at least the embas-

sies and the ministers and the commercial consulates, and so forth, to go along with you, we might make a little progress with the program. But I will tell you that you are not going to change the situation, for instance, in France, and to where the consumer can get some benefit out of the program. In France, the cartel system, the trust system, combinations in restraint of trade, all continue to economically destroy the poor man. Competitive forces do not operate. You are not going to be able to supply a Ford tractor or a Farm-All tractor to some fellow and make it produce when he is accustomed to using a water buffalo down in Chittagong, India, and train him to use it until you get about 50 years more of civilization and supply bases and gas and other stations for the maintenance of the tractor after it gets there. The tractor fails to perform, and the native pushes it off in the canal or drainage ditch, and returns to his buffalo.

The CHAIRMAN. The gentleman from New York [Mr. GWINN] is recognized.

Mr. GWINN. Mr. Chairman, what interests me particularly is this effort of point 4 to take money or squeeze money with the help of the sheriff or the tax collector alongside out of an unwilling American taxpayer and assign that money to somebody who says he has the know-how. In the very nature of things that leads to irresponsibility, even to corruption. The thing just cannot and does not start right.

You can get many illustrations from your own office if you are on the mailing list of MSA or ECA. You do not get much mail that is essentially amusing and fantastic. Just ask that your name be placed on the MSA or ECA mailing list, and you will.

Here is an example of how our irresponsible personnel function when they have money given to them that they did not earn. They are not volunteers but paid politicians to go over there to tell them the know-how. Ten of our experts over in Bangkok, in Thailand, were sitting on the bank of a canal enjoying a picnic. The fruit vendors and the officials of Thailand coming along the canal would call out and say: "Hi, Austin, Hi, Austin." So they cabled that information; they wanted to show how good the personal relationship was between our know-how men and their citizens, how it was developing on a friendly basis. You will see the statement at the bottom of this cable: "These despatches have been received by cable from officers of the Mutual Security Agency in western Europe and Asia."

Mr. CRAWFORD. Mr. Chairman, would the gentleman care to yield at that particular point?

Mr. GWINN. I yield.

Mr. CRAWFORD. Who is Austin? It is Austin F. Flegel, of Bangkok, Siam.

Mr. GWINN. That is right.

Mr. CRAWFORD. Administrator of ECA, a wonderful personality and a great humanitarian.

Mr. GWINN. With other people's money.

Mr. CRAWFORD. With other people's money, with the taxpayer's money. I know him personally. I have sat there on the canal and talked to him about this program. I said: "Austin, why do you spend this money here?" He said: "Well, FRED, these are our friends; if you are going to give away your money why not give it to your friends." He is very practical about it all.

Mr. GWINN. Here is another one, and there are just dozens of examples of how we are spending this know-how. One of our know-how experts is over in Burma, and here is a cable saying that one of ECA's dilemmas was: Can elephants and water buffalo outwork machinery?

As I get it from this information our know-how men are learning more about water buffalos and elephants than the Burmese know all about than our own foreign bureaucrats know about how tractors would work in Burma.

The CHAIRMAN. The gentleman from Illinois [Mr. SHEEHAN] is recognized.

Mr. SHEEHAN. Mr. Chairman, during the course of the last couple of minutes debate we have heard reference about wheat to India. Just 1 year ago this week, on May 24 of last year, the House voted to grant \$192,000,000 for wheat for India; and the plea at that time, like the plea today, was threatened starvation, and to save us from the Russians.

As the gentleman from Connecticut [Mr. RIBICOFF] said a while ago, the thought behind this expenditure is to make possible more production. He has also pleaded for these funds because as he says the Indians are so primitive they do not have the know-how. Let me give you a little information for your benefit. I was one of those who voted against wheat for India last year because I thought we were being taken for a ride. I want to undertake in the minutes I have remaining to cover two points; one is the wheat to India, to save them from starvation, and the other, trying to outdistance Russian propaganda.

In the Madras Legislative Assembly, Food Minister J. L. P. Roche-Victoria spoke of the offer of the Russians to supply them with 50,000 tons of rice. We were bludgeoned with the idea that we had to give more than the Russians because we did not want to be pikers. If you will look at that speech, you will note that the Soviet Union made its offer of rice apparently as fuel for Communist propaganda in India without specifying the price. The Indian Government tried to cancel the order when the price charged was found to be almost double the normal value, but it was too late because the food was being consumed and, therefore, they had to pay the Russian overcharge.

Mr. Chairman, I want to quote from a dispatch by George Weller, of the Daily News Foreign Service. Here is what he says about the grain which was so desperately needed last year:

Granaries are bulging with wheat purchased under the \$192,000,000 American loan and still undistributed. India's food diffi-

culties are due to administrative red tape as well as low production.

He also stated:

There are spot famines in two localized corners of Bengal and Cochln because officials refuse to open granary doors to a public lacking cash. The Government has withdrawn cash and food subsidies to cities to save funds and enable farmers to take advantage of the free market.

The Indians may be rather dumb when it comes to food production and using the tools for raising more farm products, but they are not very dumb when it comes to knowing how to manipulate prices so that somebody can make a dollar.

If the Members will view the record of last year, when we were given the great song and dance about the urgent need, and many Members on the floor spoke about the millions of starving Indians and how badly they needed aid and wheat, they may change their minds. Check with Mr. Weller, check his reputation with any newsman and you will find he usually knows whereof he speaks.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. SHEEHAN. I yield to the gentleman from Michigan.

Mr. DONDERO. India may not be so intelligent but she has at least sense enough to know that even though she is a member of the United Nations and she is a nation of 360,000,000 people, there is not one Indian man standing alongside the boys from the United States in Korea.

Mr. SHEEHAN. That is right. Therefore, in thinking of foreign aid, let us think of the American taxpayers and be realistic for a change.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. CARNAHAN asked and was given permission to yield the time allotted him to Mr. JAVITS.)

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. I just want to observe, Mr. Chairman, that I hope, using Iran as a horrible example today, that it is not a classic example of doing the wrong thing at the wrong time. I have a bulletin that I just took off the ticker tape out here with the dateline "Moscow," just about 5 minutes ago:

Moscow.—The Soviet Union charged formally today that Iran's acceptance of American military aid violates the 1921 Soviet-Iranian Treaty admitting Russian troops to Iran if that country's soil is used by foreign military forces hostile to the Soviets.

The Kremlin made its protest in a note delivered by Foreign Minister Andrei Y. Vishinsky yesterday to the Iranian Ambassador here. It accused Iran, a Russian neighbor on the south, of "cooperating with the United States Government in the imple-

mentation of the latter's aggressive plans against the Soviet Union."

Observers here consider it likely that, because of the Russian protest, Iran will reconsider her acceptance of the United States aid and, if she does not, the Soviets will follow up with another strong protest.

In Washington a United States official said the Russian protest evidently was designed to intimidate the Iranian Government. He said the Tehran Government had been under heavy Soviet pressure before and is not expected to give in this time.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I am sure the gentleman from Michigan did not mean to give the wrong impression to the Committee. He said that there is not one boy from India that is fighting alongside our American boys in Korea. I am sure he will remember that General Ridgway, in his address yesterday, included India with other allies fighting communism in Korea.

Mr. JAVITS. Mr. Chairman, just a comment on what my colleague has said. There is no question about the fact that such units from India as are in Korea are minor; I believe they are noncombat units. There is little question about the fact that the position of Mr. Nehru with respect to his inflexible opposition to the Soviet in India's voting in the United Nations, has not been what we desire—that is giving the other side the best of it, but it does not make any difference in this argument, so we might as well lay that at rest.

The fundamental point in this argument which seems to be overlooked, and which the gentleman from Minnesota Dr. JUDD, I think, has so very admirably pointed out, is that sure, the administration may be bungling, but the importance of it is, whether bungling or not, we are at least at work on what needs to be done.

It might interest the House to know that with respect to the Near East, which is the very section we are considering now, I, myself, introduced an amendment to carry out what the gentleman from Minnesota had in mind, to separate from technical assistance what was really technical assistance, so that you will find in the bill with respect to this particular section the dollar assistance is set up in a unit.

Now, what these amendments will do, unfortunately, is to kill the very important areas in which we are doing the best job of economic and technical assistance in political terms, and these are, as has been pointed out, India and Iran.

May I call the attention of the Committee to the fact, on page 50 of our committee report, that in India we have \$106,517,000 in supplies and equipment as part of the program for India and only \$7,400,000 in terms of the salaries and compensation of technicians and trainees.

So that is the program that is going to be hit right on the head.

What is our situation in India? Somebody talked here about a plea. Can we not wake up to the fact that we are not doing business on a street

where we have all the trade? Can we not wake up to the fact that we are not legislating in a vacuum? Can we not wake up to the fact that military, technical, and economic assistance have occurred because we have the grimmest, the most deadly, the most dangerous competition which any power on earth has ever had, the competition of the Soviet Union?

My colleague from Illinois [Mr. SHEEHAN] may have thought he was pointing out a reason for carrying these amendments when he talked about Russian duplicity, but he was giving a very eloquent argument why these amendments should be defeated, because the only way to show up Russian duplicity is by calling their bluff. Would we ever have shown the people of India that the Russians meant them no good, that they intended to overcharge them and double charge them and triple charge them for their rice, if we had not made the Indian grain loan? I emphasize it was a loan, not a grant.

Another thing that is very important is, suppose you had a bill before you today, suppose this bill was unraveled and the administration was unraveled as it should be—I agree with Dr. Judd—to provide that the payment of technicians should be \$7,400,000 for India and we should give them \$106,000,000 of supplies. Do you think a majority of this committee would not pass it as such? I deeply believe it would. With 330,000,000 people at stake in India with the knowledge that if the free peoples lose India they are likely to lose Asia, and if they lose Asia they may indeed lose the whole world for freedom.

Who would stop and be a stickler at this amount in view of what we are already appropriating in terms of armed defense?

Let us remember this finally: The only offensive we have in the world, unless we are to fight a preventive war—and it has been repeated again and again that we do not intend to do that, but it cannot be repeated too often—the only offensive we have in the world, in addition to our educational program against communism is these soldiers of peace, these technicians who are going into these areas and doing the job of trying to help people at the grass-roots level. And why? Because we are giving gifts or because we believe that people on the brink of starvation will embrace our competitors, even if they know it will enslave them, if they cannot get some help from us. The best answer is that in a certain area of India where there is starvation, we have had very recently the election of a local Communist-dominated government. If we cannot read that handwriting on the wall, then we are indeed not measuring up to the great job we have to do here for the American people and for the free world.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. VORYS] to the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 82, noes 88.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. SMITH of Wisconsin) there were—ayes 84, noes 91.

Mr. SMITH of Wisconsin. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. RICHARDS and Mr. SMITH of Wisconsin.

The Committee again divided; and the tellers reported that there were—ayes 119, noes 103.

So the amendment was agreed to.

Mr. RAYBURN. Mr. Chairman, I move to strike out the last word.

(Mr. RAYBURN asked and was given permission to revise and extend his remarks.)

Mr. RAYBURN. Mr. Chairman, for 2 days I have been carrying some remarks that I had spent some time on, hoping that the occasion would arise during general debate where I could make them. I shall not ask the indulgence of the House to listen to all that I have committed to paper, but I will put it in the RECORD. I trust it is a thoughtful speech. It is not a happy one, because I am not happy about our situation in the world nor in the United States of America, nor in the House of Representatives.

I see our guests, our constituents, our young men and young women going through this Capitol daily. They have a right to trust us, and I think they do; but sometimes I wonder if we are doing our best for them now or in the generations that are to come with them and after them. I see us here at a time when I think the world is in the worst condition outside of war that I have ever known it; I think it is in the worst condition so far as hope of peace is concerned that anyone now living has seen when we were not in actual war.

During the 175 years of our existence we have engaged in war for 25 years; that is one-seventh of our national life. We have people in the United States who are always saying "There is no danger." They said it before the Spanish-American War; they said it before World War I, and they said it right up to Pearl Harbor.

I remember sitting here and watching and listening to a vote only a few weeks before Pearl Harbor when the draft law was extended by only one vote; in other words, if the vote had been 202 to 203, the other way, we would have taken down instead of built up our Army, our Navy, and all our elements of defense before we were struck at Pearl Harbor. We have people still explaining why they did not vote a small appropriation to dredge the harbor of Guam. They are still explaining that.

We, in this House of Representatives should not have it upon our heads that we are not ready with money, with ma-

terials, and with men. When I read what Gen. J. Lawton Collins, Army Chief of Staff, said a few days ago, I first had a feeling of outrage. He said:

Some of the types of ammunition important to our front-line soldiers have been rationed in Korea because production still does not equal our normal battle expenditures, and World War II stocks have either been exhausted or have approached exhaustion.

General Collins added to my concern when he said if we were attacked tomorrow in Europe that—

We would have no reserves of some of the most important types of ammunition and our front-line troops would have to limit their ammunition expenditures to what came off the production line.

As I said I reasoned that we are the world's most productive country and asked why we could not adequately supply our soldiers with ammunition.

I felt that if such a situation existed there must be criminal negligence and the responsibility should be fixed promptly.

That was alleviated in my mind to a great extent by the remarks of Gen. Matthew B. Ridgway on yesterday when he said, not only in the House but before the committees of Congress, that we had an Army in Korea that could hold the line. I wonder if we are going to hold the line here?

(On request of Mr. McCORMACK, and by unanimous consent, Mr. RAYBURN was allowed to proceed for five additional minutes.)

Mr. RAYBURN. Mr. Chairman, I notice this house in glee, and it seemed to me without a great deal of reason, cutting the appropriations in this bill. The committee has already cut a billion dollars below what those in charge and who are supposed to know the most about world affairs said was necessary. Now by one amendment yesterday \$600,000,000 more was cut from this bill.

Are we going to be there with too little and yet too late again?

This money, in my opinion, every dollar of it, is being spent for peace, not for war. If we can help our allies and those democracies that are allied with us to get upon their feet so that they can stand to defend themselves and help us defend ourselves and the other democracies of the world, we can cease these appropriations and come back home. But whether or not the amounts we are appropriating here are going to insure that peace that we pray and hope for I do not know.

A little while ago this House reduced the budget estimate for our Armed Forces by \$6,000,000,000. I think that was a dangerous and an unwise thing to do. In that same bill we wrote a provision imposing an arbitrary figure of \$46,000,000,000 for defense expenditures. No one can think Robert Lovett, Secretary of Defense, is a radical or an excitable man, but here is what he says about that action: "For all three services results are so serious as to indicate a possible critical blow to preparedness efforts and the defense of the country," our country.

Then Mr. Lovett said the result of the limitations if "honestly carried out would be to demobilize a substantial part of our Armed Forces."

That is pretty serious right here at home when we are also reducing amounts tremendously to help our allies get upon their feet to defend themselves and to help defend us.

Let me repeat, those who stand with me and believe as I do and think they know something about conditions around this world want to spend whatever is necessary to make ourselves and those who stand with us so strong that no international desperado will ever dare attack us because he knows he will be beaten into the dust if we, with our natural resources, with our capacity for production, can have the money to carry it out.

We expended three hundred and fifty billion in less than 5 years fighting World War II. But there was the greater tragedy. There was expended the lives and the blood of thousands upon thousands of the flower of our young manhood and womanhood. War is waste. We shot away, we burned, we destroyed strategic materials because we were not prepared.

Suppose we have another war. It will cost more than that; it will be more furious than the last one. If we expend \$50,000,000,000 a year for 5 years making ourselves strong, making us feared, that would be only five-tenths of what we expended in World War II, in which we lost all of these lives and all of these properties. Suppose another one comes. It will not only be the soldiers upon the battlefields that will have lost their lives; probably thousands upon thousands of civilians will be bombed out of existence, and billions of dollars worth of private property go to the dust.

Do we want to take those chances? Do we want to hazard these things? We are passing on that question in the House of Representatives in the year 1952 in our defense program and in our mutual-aid programs. Anybody who has a boy, or even a kinsman's son, that boy is more precious to you or to your neighbor than somebody else's millions.

For us peace has become abnormal and war, or preparation for war, normal. And there is little reason to believe that in the next decade or two this situation will change.

Readiness for war is imposed upon us by the stubborn facts of our time. It is the more imperative that we be ready because we are leaders of one great wing of the human race. To be unready now is to jeopardize the survival of this Nation and the whole free world.

When, therefore, we deal with preparedness or with military and economic aids to our allies, we are actually dealing with the life or death of our country and the future of the world for centuries to come.

Someday men will say of us: "They served us well," and bless our names. Or they will say: "They failed us," and bitterly curse us.

We are called, then, to rise superior to ourselves; to stand above pettiness,

jealousy, political party preferences, partisanship.

When 176 brave men died recently in the collision between the *Wasp* and the *Hobson*, they died, not as Republicans or Democrats, but as Americans. Their loved ones mourn American dead. And those who survived to serve their country again will do so as Americans. Survival is not a matter of party affiliation. Death knows no party labels.

It behooves us, then, in the grave matters of foreign affairs, to conduct ourselves, not as Republicans or Democrats, but as Americans. I am a Democrat. I am also an American. As both, it gives me great pleasure to say, and makes me the prouder of my country, that many high-hearted, noble-minded Republicans, in and out of Congress, have made invaluable contributions to the foreign policy of our times.

I have been a Member of this House during the two global wars we have fought. Now we are all in a period without parallel in history.

There have been wars before. But never—until the last war—had there been a true world war. There have been revolutions before. But never before has revolution flamed simultaneously from one end of the earth to the other. There have been times when men, here and there, were changing their attitudes toward the world. But never before our day has there been a time when all mankind was engaged at once in changing its attitudes toward the world.

It follows, therefore, that since our times are without parallel, we must act without parallel.

I do not pretend to a full understanding of our times. I do not believe that any man has this understanding. They will be clearer to those who come after us than to us. But some things are clear.

One is that man's technical development is far ahead of his moral development. And scientific man, when not controlled by morality, is the most dangerous thing ever unloosed upon earth.

The other thing is that man has always been engaged in a struggle between good and evil. But now unadulterated evil roams the world. It does credit to the essential goodness of Americans that they disbelieve in such evil. But self-preservation dictates that we recognize it and move to checkmate it in every way possible.

Other things are also clear.

From Waterloo in 1815 until the outbreak of the First World War in 1914, we enjoyed a century of dynamic growth. We devoted all our energies to building this Nation. We could do so because Britain then policed the earth and largely kept the peace. But in 1914 we moved into a new and dark era.

The first global war then began. It ended in 1918. Thereafter we had an uneasy armistice for 20 years. In 1939 the Second World War began. Technically it ended in 1945. Actually, it has never ended at all. And now, 7 years after, we face the threat of a third world war.

There are two factors to be considered here.

The first is that men have been almost continuously at war for nearly 40 years.

The second is that the time lag between wars grows shorter and shorter, while the wars increase in dimensions and destructiveness.

The convulsions of our times are universal and titanic. It would be foolish to believe that they will quickly subside.

In all our wars, we have been unprepared. In the last war we were taken by surprise although there had been ample warning. We can no longer afford the dangerous and dubious luxury of unpreparedness.

In his first inaugural address, Thomas Jefferson could say of the United States that it was "Kindly separated by nature and a wide ocean from one-quarter of the globe." Now the world is physically one. In terms of travel time Moscow today is as close to New York as Philadelphia was in Benjamin Franklin's time. Our potential enemy has intercontinental airplanes and the atomic bomb. The words of the Negro spiritual apply to all men everywhere: "There's no hiding place down there."

Several factors worked for us in the great wars of our times. What were they?

We were saved from destruction, or serious injury at home, by the accidents of geography and space. The wars were fought on the soils of other peoples.

But now geography and space no longer work for us. The air is a two-way ocean.

We came late into both the global wars. We could do so because we had powerful allies. They held the enemy at bay until we could come onto the battlefield.

I have unbounded admiration and the deepest gratitude for the courageous men and women of our fighting forces. They fought and died on many a foreign field during two global wars. Yet the wars could not have been won without the factories of America.

But the factors that formerly favored us, either exist no longer or are sharply weakened.

Hitherto, when the enemy got the jump on us, we knew that we could eventually overtake and destroy him. Our factories, invulnerable to attack, almost guaranteed victory. But now our potential enemy has weapons with which to attack them. He knows principal targets. He knows that much of our industry is highly concentrated.

Our borders, therefore, are no longer on the Rhine, the Elbe, or some other foreign stream. They are on the Missouri, the Hudson, the Mississippi.

Our European allies suffered dreadfully in two global wars. Not yet recovered from the first, they were hurled into the second. Today France fights a costly war in Indochina, and Britain a costly war in Malaya, while both must shoulder the burden of rearmament at the same time. And some of our allies struggle with huge Communist Parties at home.

It may be well for us to recall that while the United States in 1914 was a debtor Nation, France was the world's

richest country per capita, and Britain was banker to the world. But now we are the richest people on earth and both of these great nations need aid from us.

What is the upshot of all this? It is that we must be prepared for any eventuality and can no longer rely upon allies single-handedly to hold the enemy at bay until, in our good time, we arrive on the battlefield.

But the alarming thing is this: Many democracies seem for a long time to have been losing their instinct for self-preservation.

In passing, I want to say a word about our potential enemy. Powerful, fanatical, determined, he is bent upon world domination. Hitler told all men that he was out to conquer them. But few of us took him seriously. That was a grave error on our part. Now Soviet leaders tell us the same thing. At their weakest moments they have never deviated from their course. Let us, then, take them at their word.

As I see it, we must do the following things:

First. We must adopt a long-run view of world affairs. The race is not always to the swift.

Second. We must accept struggle and peril as part of our daily portion.

Third. We must use our power and intelligence to prevent a third world war, if possible.

Fourth. We must possess ourselves in patience.

In 1936 Winston Churchill, addressing the House of Commons, gave his countrymen sound advice that we might well heed today. He said: "Let us never accept the theory of inevitable war; neither let us blind our eyes to the remorseless march of events."

All this may require a substantial transformation in our temperament; something that is not easy to do. We are impatient. But our potential enemy is endlessly patient. He thinks in terms of decades and centuries. Many of his ambitions of today were his ambitions 400 years ago.

Bearing these general considerations in mind, I come now to considerations of specific acts.

During recent months we have conferred with the Joint Chiefs of Staff, the Secretary of Defense, the Secretaries of the Army, Navy, Air Force, and others.

When we deal with them we are in somewhat of a quandry. We are not expert in their field. We cannot pass expert judgment upon their requests. But they also are in a quandry. The military security of the Nation is their grave responsibility. Yet they cannot know precisely what they may need for this would be to know what they cannot know; namely, what is in the mind of the potential enemy. Nonetheless they must be prepared for all sorts of contingencies that may or may not arise.

Thus the Korean conflict came up over night. If it could not have been anticipated, neither could we anticipate that it would be as long and as costly as it has proved to be.

Yet I ask you: Is any Member of this House prepared to stake the security of

the Nation upon the assumption that will there not be another Korea tomorrow somewhere else? Or another Pearl Harbor?

We cannot achieve complete military security. We are bound to run risks. But I am in favor of the highest degree of security attainable. We are the enemy's principal target. I would like to see our risks reduced to the smallest margin. Let us remember the old maxim of prudence: "For want of a shoe the kingdom was lost."

Of course the price is high. The price of freedom has always been high. It was high at Valley Forge and Lexington. It was high at the Marne in 1914. It was high in France in 1944. But the price of defeat is death and slavery.

If the price of freedom is eating hoe-cake and molasses, I am for that.

If its price is hoe-cake and branch water, I am for that.

I have tried as hard as any man to raise the American standard of living for all the people.

But this Nation will go down in the dust—and deservedly—if it ever lowers its standard of life.

We talk about spending. I advocate the spending for peace and making ourselves so strong that international desperadoes will fear to attack us.

If we curtail appropriations in this bill deliveries of arms to our allies—already delayed—would be further delayed. The gulf between American promises and American performance would be widened. Our allies would be disheartened trying to follow a leader who marches backward, not forward.

Thus an announcement that Greece is about to reduce her military expenditures by 10 percent follows our announcement that we are reducing appropriations under the Military Security Pact.

France finds it increasingly difficult to fight in Indochina and honor her pledges to NATO. Britain has been obliged to cut down to avoid a financial crisis. Nonetheless we propose to reduce the aid to NATO members upon which they counted when they went as far as they could go in making their appropriations.

The Lisbon conference of 1952 was based upon two things. The first was an estimate of the ultimate amount the partners could spend on defense without courting bankruptcy. The second was an estimate of the least they could afford to meet the dangers of 1952. The conference was held in February. But now in May the dangers are more apparent than they were then. For example, the German situation may require a greater show of strength than the West has had to make since the war.

If we and other NATO members reduce carefully calculated quotas, western defense will be imperiled. Every time we reduce the defense program of our allies, by so much we reduce our security. A billion now in so-called savings may cost us many billions in the future.

General Eisenhower believes that if we drag out the defense program we shall get only half the result at twice the cost, and might even fail completely.

What we are actually doing is this:

We are tearing down a program before it has been built up.

We are postponing far into the future the day when Western Europe will be able to defend itself.

Under the circumstances I question the wisdom of slashing our appropriations without more soul searching and cold calculation than we seem to have given the matter.

Before going on, let me say this:

Nineteen hundred and fifty-two is election year in the United States.

But it is not election year in Soviet Russia.

Let us never forget this. We are confronted with an election of another kind that far transcends the choice of a President.

We must elect to be wise or foolish; to vacillate or persevere; to survive or perish.

As party members, we may be deeply concerned with the coming election. But the enemy will not hesitate, nor will destiny pause, if we play with the Nation's security for partisan advantage.

Speaking for myself alone, as one man and one Democrat, I would rather see my party go down in defeat and never arise if it should attempt to deceive the American people by holding out to them false promises of a reduction of their burdens based upon the false premises that this Government has done, and is doing, all that it can do to assure the security of the Nation.

I believe that I can illuminate this opinion by two things:

The margin of our atomic superiority over the enemy is daily disappearing. We have lost air superiority to him.

We have already permitted our Air Force to fall below the minimum necessary for security. And even 2 years hence—according to present plans—it will still be below that minimum. Indeed we shall not reach it until 1956.

This, according to the Secretary of Defense, and the Secretary of the Air Force, is to put the country in grave danger.

But 1956—if we should still be alive then—will also be an election year. That will give another chance for us to ask destiny to stand still.

Here let me again quote Winston Churchill. He has said repeatedly it is only our stock of atomic bombs, and our ability to deliver them, that has deterred the Soviets from attempting to overrun Western Europe and start a third world war.

If this be true—and I believe it to be true—then the Air Force has paid for itself a thousand times.

The fact of Soviet air superiority is a galling, and an appalling, fact. Not long ago we could reasonably believe that our strategic air command could hurt the enemy more than he could hurt us. It is not safe to believe this in 1952. By 1954 such an assumption might lead to our destruction.

Once the enemy concentrated upon fighter planes for home defense. Now he is tripling his production of intercontinental bombers. He is increasing his

air strength offensively as well as defensively.

Presently we believe we have more atomic bombs than he has. But this is small comfort. For if our industrial potential could be destroyed by x number of bombs, it is of no importance that the enemy does not have x plus y number of bombs.

If force without diplomacy is empty, equally empty is diplomacy without force. A vital part of that strength is the Air Force. It should be adequate to do three jobs:

First. To deter the enemy.

Second. To defend this Nation in war.

Third. To deliver instantaneous hammer blows upon the enemy.

It has still another task; one tied up with our basic strategy of world alliances. Hence the Air Force must be ready not only for global war but wherever the strategy of our enemy and our strategy collide, as in Korea.

What has he done there?

He has raised the Chinese Air Force to the fourth ranking air force of the world. It is composed of about 1,700 planes. One thousand of these are modern jets.

There are certain things to remember about an air force.

No plane is a good plane if a better one can be made. The minute your enemy produces, or is preparing to produce a better plane than yours, your planes become obsolete. In warfare the second best is worth nothing.

Numbers of airplanes are destroyed even if they never see combat. Operational accidents take them. If you begin the year with, say, 100 fighter planes, you will end it with 80. And you will lose a large fraction of bombers and other types.

These things inescapably make an air force expensive in lives and money.

The Army, Navy, and Marines, have parallel duties to perform, and if I have chosen to mention the Air Force at some length it is not special pleading but only by way of illustrating my thesis that we may be cutting our throats trying to save our necks.

We put economic aid to others next to military aid and preparedness at home. Can we afford to be complacent in this field? If anyone is complacent, I call his attention to a New York Times dispatch by Michael L. Hoffman, dated Geneva, May 18, 1952. He says:

Western leaders who concern themselves with world economic trends are worried about the lack of any clear signs of improvement in production and in the availability of what are commonly thought of as the necessities of life in the non-Communist underdeveloped areas.

I call your attention to this passage:

What makes it politically perilous is that the Communist countries have done much better with their underdeveloped regions than the non-Communist regimes of the Middle East and Asia have done with similar regions.

Studies made by the United Nations Economic and Social Council show that good progress is being made in western Europe. But, we are told:

The economic systems of most of the Middle East, southern and eastern Asia, and

even parts of Europe such as southern Italy have not shared in the increases in production.

Asians want technical knowledge and it apparently does not matter to them whether they get it from democracies or Communists since in their eyes the two groups are merely different forms of one civilization.

What is to be done?

This is the Council's answer:

Western leaders believe that since the West cannot achieve its results as communism does, it must devote very much more of its greatly superior per capita wealth than has even yet been considered—much less allocated—to the instigation of economic progress in the vast poverty-stricken regions of the non-Communist world.

Let me sum up.

We have assumed a dominant position in the world through the workings of destiny.

Never seeking power, we have achieved power.

There rests upon us such a responsibility for the world's freedom that the free world will stand or fall largely by what we do or fail to do.

Inclined to isolationism, we have been thrust into internationalism.

Emerging from the war with our home strength intact, we chose to help those less fortunate than ourselves in a series of acts that for magnitude and generosity are without parallel in man's history.

The only great democratic power able to resist imperialism parading under the guise of communism, we have committed ourselves to that vast task.

With little in our history, philosophy, or temperament, to prepare us for the task of world leadership, we have learned fast. If we have had our defeats, we have also had our triumphs.

Today we stand at the topmost pinnacle of our power.

Standing there, we say to the Communist world and the democratic world that, in our opinion, peace can be had and differences reconciled by good will on both sides. We seek to enslave no one. We are indeed unique in history in this respect: we are the only great nation that ever fought a war to free slaves.

To the underdeveloped countries we say: "Come and take what you will of our technical knowledge. You don't have to take the donor with the gift. We attach only one condition to our aid. It is that you use it efficiently so that you may the sooner help yourselves."

Man, for the first time, can now conquer nature, reduce poverty, banish disease, bring light to those in darkness. We Americans know how to do it. We are willing—even anxious—to do it. But just when man is within sight of the promised land of happiness and prosperity, we must devote our energies—through no fault of our own—to war and preparations for war.

Destiny has a rendezvous, and it is with us. We are the most prosperous people upon the fact of the earth. We must lead this world or it is leaderless. We must bring it back to sanity and to

peace if there is to be sanity and peace in this world.

If we in this democracy, Republicans and Democrats alike, all Americans loving our country as we do, stand together, freedom will be ours and democracy will go on to bless the human race for years to come, and the future will say about us that in these crises we did not fail.

Mr. CHATHAM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CHATHAM:

On page 17, line 4, strike out "\$65,000,000" and insert "\$50,000,000."

On page 17, line 7, strike out "\$76,000,000" and insert "\$50,000,000."

Mr. CHATHAM. Mr. Chairman, I feel that this is a very picayunish time for me to stand up and talk about a small amount of money after the speech we have just heard. I cannot quite believe what I have seen today, that one political party would vote together for things that I am sure a lot of them do not believe in. I have voted many times with the gentlemen on the left, but when the security and the peace of the world is at stake, as the distinguished Speaker has just said, I want to go on record as saying that I cannot believe my eyes have been true. We have cut this bill very heavily. My amendment is a further cut. Last year we gave Israel \$50,000,000 and we gave the Arab refugees \$50,000,000. The facts are reported on page 53. The Arab refugees have gone down from 875,000 to 850,000. The Jewish refugees have gone down from 669,000 to 273,000. I can only say that I think it is a matter of common sense that we give these people what they had last year, and I would guess that the Arabs are getting the worst of the deal.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. CHATHAM. I yield to the gentleman from Texas.

Mr. BURLESON. Does the gentleman know whether or not the report is true that already the Israelis are using the funds they now have under the economic program to retire some of their public debt?

Mr. CHATHAM. Yes; I think that is good business. They are.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. CHATHAM. I yield to the gentleman from Michigan.

Mr. DINGELL. Did the gentleman stop to consider that the people of Israel, courageous as they are, constitute the keystone of our defenses in that area of the world?

Mr. CHATHAM. I think that when I offer this amendment I am working for the people of Israel, because some day the Arab world are going to say we are unfair, that we should take no sides. Vote this amendment up or down, but I think when you have 875,000 refugees whose homes have been taken away from them and who are living in poverty, some consideration should be given to them.

Mr. DINGELL. My friend is just dead wrong in his concept of what Israel means to the United States, and, more

than that, that is indicative of a philosophy in this House, particularly on the other side, that we can afford to squander our sons just so we save the dollars. I say, forget the dollars. I am for saving the sons of this Nation and preserving peace.

Mr. CHATHAM. I appreciate the gentleman's viewpoint, but I think I am doing a good deed toward Israel by offering this amendment.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. CHATHAM. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I think the gentleman probably has a good amendment. I have visited some of these Arab refugee camps, and I can tell the gentleman from my observation that they are living out on the desert in tents that are not fit to live in. They have been there for 3 years, and they have no technical aid or assistance that we can observe.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. CHATHAM. I yield to the gentleman from Ohio.

Mr. VORYS. I think it is of interest that, as the bill was submitted to us, for the seven Arab states nonmilitary assistance amounts to 57 cents per capita, and for Israel the nonmilitary assistance amounts to \$50.84 per capita. I therefore feel that to do just what we did last year, as the gentleman suggests, while it would not change that ratio much, would be a little more in order than what is proposed.

Mr. CHATHAM. I thank the gentleman from Ohio, because I think that as unpopular as it may seem we are doing something for the Jewish people by putting these people on an equal level. The per-capita cost will still be 10 times what the Arabs are getting.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. CHATHAM. I yield to the gentleman from New York.

Mr. CELLER. Would the gentleman say that a democracy is on a level with an autocracy or totalitarian regime? The Arab States are not democratic states. They are autocracies or absolute kingly dynasties. You cannot consider them on the same parity with the democracy that exists in Israel. Would not the gentleman say that where democracy flourishes we must give every degree of aid and comfort to keeping that light of democracy burning, as in Israel? Seventy-six millions is little enough for this.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

(By unanimous consent, Mr. CHATHAM was allowed to proceed for two additional minutes.)

Mr. CHATHAM. May I say to the gentleman from New York that if you are run out of your lands and homes it does not matter whether you believe in democracy or anything else. The Soviet world today has in the Arabs a true opportunity. These people were run out of their lands and homes. They were promised compensation or that they

would get their lands back. They have not had either. I would further say that the \$15,000,000 of Arab funds impounded in Israel have not been turned loose. They say, "When we get our German funds we will release them." I do not believe in that kind of business.

Mr. CELLER. There are Israeli funds in other parts of the world which are also impounded, and the Israelis are unable to avail themselves of those funds.

With reference to the homes, I think history will tell you that the Jews did not oust the Arabs. They were perfectly willing to keep the Arabs in Israel. It was the exhortations of the effendi and the Arab emirs and rabble-rousing leaders that exhorted the Arabs to leave their homelands and go into the surrounding Arab countries. The Jews did not force them out. They were perfectly welcome to remain there.

Mr. CHATHAM. I refer my distinguished friend from New York to the United Nations report on that. I take it the gentleman believes in the United Nations?

Mr. CELLER. I have read it, and I read it differently than the gentleman does. There was no ousting whatsoever.

I have been in Israel several times. There are thousands and thousands of Arabs still in Israel. There are probably over 200,000 Arabs presently in Israel, living in comfort and decency, holding their heads high, and happy to live in that democracy.

Mr. CHATHAM. I think we are for the same thing. I think Israel is a strong bastion of democracy. I think the Arab world is also important, and I think we have to be fair. That is all I have in mind to do.

Mr. CELLER. I would not want to reduce the Arab allotment. I would just leave it where it is. The reasons for cutting that you indicate are not substantiated. You should not, for light and transient reasons, reduce the amount that the Committee on Foreign Affairs, after mature deliberation, figures to be the proper amount.

Keep the amount set for Arabs.

Keep the amount set for Israelis.

Mr. CHATHAM. Because our report says that the Jewish immigrants not assimilated are down 273,000 people.

Mr. ROOSEVELT. Mr. Chairman, I move to strike out the last word.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment, and all amendments thereto, close in 20 minutes, exclusive of the time of the gentleman from New York [Mr. ROOSEVELT], who now has the floor.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. MCCORMACK. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield.

Mr. MCCORMACK. I just want to make a brief observation. Both the Democratic and Republican platforms of 1948 came out strongly in favor of an independent Jewish commonwealth, the Democratic platform for "a free and in-

dependent Jewish nation." I might also say that the Middle East is a part of the world that is under great tension today, and requires a great deal of delicacy. I want to say we should appreciate the significance of a free and independent democratic nation such as Israel is in the Middle East. Furthermore, this is the first time that I have ever heard the argument advanced in support of an amendment to reduce an appropriation that you are helping somebody by reducing the appropriation.

Mr. ROOSEVELT. I thank my eminent majority leader, and concur in what he says.

Mr. Chairman, this is a completely unthought-out amendment. The committee has arrived at its two figures after considerable deliberation. Let me urge the House to consider these two authorizations not as a bloc, but as separate authorizations to separate sections of the bill, and for different purposes. So far as the Arab refugees are concerned, the one authorization would be inadequate if we were to cut it to what it was last year for the simple reason that between last year and today, the United Nations has at last brought forth a plan of rescue and ultimate integration, resettlement, and rehabilitation, for these 850,000 Arab refugees into the Arab communities in the Middle East. Last year we were appropriating for relief, and this year we are appropriating for an integration and resettlement program which will be a 3-year program.

The second part of this amendment, and I regret that this amendment was put in as a single package, is to cut the \$76,000,000 authorized for resettlement of Israel refugees to \$50,000,000, again on the theory that what we did last year was adequate. It is not adequate because a year has gone by and the circumstances have changed. As you will read in the committee report, the economy of Israel today is a very precarious one. Although the immigration has tapered off, there are still some 396,000 refugees unassimilated in Israel today, and more are coming in every day. If we cut this appropriation today, we are saying in effect to Israel, "Your problem has not changed, and our interest in your welfare has not changed."

Mr. Chairman, we cannot afford to say that, because Israel is the outpost of democracy, in the most delicate and most dangerous hot spot in the Middle East, in the world today.

Israel's democracy will succeed only if we encourage her economy and her agriculture to get on a stable basis so that the refugees who have gone to this little country will be self-supporting, self-respecting.

Just one thought for a moment: Many of these 700,000 refugees who have gone into Israel in the last 4 years and who have been welcomed into this little community are people whom we were taking care of in the DP camps of Western Europe, and if they had not gone to Israel this Congress would still be appropriating for their care in the DP camps of Western Europe. We must be grateful to the people of Israel for having received them and taken them off our necks.

It is to our interest that both these special problems be solved in the next 3 or 4 years in accordance with the United Nations program of integrating the Arabs into the Arab countries, a plan which has been accepted and is supported by the Arab League, a plan which will end the relief that we have had to carry on for the last 4 years, and that the other program making Israel the great example to that whole part of the world what free human beings can do for themselves in a democracy.

I urge the defeat of this amendment.

The CHAIRMAN. The gentleman from Illinois [Mr. JONAS] is recognized.

Mr. JONAS. Mr. Chairman, I submit that in the instant case this amendment should not be adopted.

I have no special interest in the particular section of this bill except to see that fair play is done. When we had the issue up here some time ago relative to Spain and all the other countries that were involved in this bill it was decided by a majority vote of the Members present that the record stand as written in the bill. I do not believe we ought to let prejudice or bias or individual feeling enter into this bill until all of the various and respective sections of the bill have been disposed of.

To single out this specific appropriation for so drastic a reduction as the amendment calls for in my opinion is unfair and unjust in the light of what has been the attitude of the House relative to all preceding amendments that have been acted upon in connection with this bill. I believe this amendment should not prevail, and I propose to vote against it.

The CHAIRMAN. The gentleman from New York [Mr. CELLER] is recognized.

Mr. CELLER. Mr. Chairman, I have been to Israel, and I can say this advisedly: There are many nations that are stronger, but no nation that is braver. Remember, a few people, the Israelis, worsted 6 Arab nations, over 30,000,000 strong, but with the courage of the Macabees and with the fortitude of the prophets they worsted them, and these with a dearth of arms, almost with their bare knuckles. This is the type of people we are asked to help.

I know nations that are richer in worldly goods, but none exceed Israel in hope. I know nations which are stronger in arms, but none have a greater faith than the people of Israel, faith in themselves and faith in God. They do not wear their faith as one would the fashion of a hat, they realize with Browning that faith can move mountains. Those people have performed wonders. They can do anything but fail. For that reason I do hope that this amendment will not carry. Think of what they have done; they have well nigh doubled their population in a period of 3 years. Imagine what chaos and economic confusion would happen in this country if we were almost to double our population in that length of time; yet they smoothly and in a most efficient manner brought in all these refugees from Iraq, Iran, Yemen, North Africa, and from behind

the iron curtain; they gave these helpless, hopeless, and homeless persons surcease from their sorrows and their trouble. When they were persecuted and pillaged in all these lands the Israelis said: "We will receive you." Israel would quickly be able to balance her budget if she were to close her doors and bar the refugees, but how can a mother deny her children entrance? It is in that spirit that Israel receives the refugees, but she cannot do that unless we give her help. For that reason, vote down this amendment.

The amazing accomplishment of the state of Israel in its short years of existence has earned the admiration of the world. This is not an economy, as is so often the case, that has lost its stability through lack of self-development, through disinterest in production, and in agricultural progress. The strides in production and agriculture have been so tremendous that the mind looking at it today cannot fully comprehend it. Production increases in just a year average some 24 percent to 50 percent in certain industries. Agricultural output has increased, in some instances, to an extent of 60 percent. New industries are daily being developed.

"Then, why," it may be asked, "is it necessary to include Israel in an aid bill?" It is necessary because Israel is the only country in the world that, despite its hardship, despite its infancy, despite its lack of natural resources, has taken in hundreds of thousands of people and responded to the cry of humanity. Without these hundreds of thousands of immigrants, Israel today, with its original population of 600,000, could have been a thriving, bustling nation, with an economy stabilized and expanding. But with the influx of immigration, the new and little and brave Republic of Israel could not meet the demands placed upon it—the demands, remember, which she herself gladly undertook to answer of hungry, helpless, sick people. Remember, they came at the rate of 30,000 a month.

If we have an interest in democracy anywhere, we must have it everywhere. Here is a little land which is the first democracy, mind you, the very first, in the Middle East area. Here is a democracy which carries forward the basic concept of our civilization—the dignity of the individual. The people of Israel understand the word. It is a practicing democracy. And it is to our ultimate self-interest that this first and only practicing democracy in the Middle East not only survive the hardships it has taken unto itself but expand.

The objections of the Arab leaders to Israel lie in the very fact that the tenets of democracy will spill over the border and teach people that they, too, are individuals entitled to live, as such, under guaranties of liberty and freedom.

There are countries to whom we are giving aid—and I do not say they are less deserving—to whom the light of democracy has yet to be turned on, who are struggling through to democracy. Here are a people who brought democracy with them and built a government on it.

I have been to Israel and I know whereof I speak. It is often accused of Communist tendencies. The fact remains that nowhere else—and I have been through Europe—have the Communists less of a grip on its people. They are a variable people, given to free and differing discussions. They are a people who have submitted to austerity, a voluntary austerity, unknown in any other democracy, but they do not, and cannot, and will not submit to tyranny. The people who have gone in the main into Israel are people who, through their very bitter experience, have learned what it actually means to live under totalitarianism. They know its terror and its tragic consequences. They do not have to be sold on freedom. Can we, therefore, afford to disregard the sturdy fruit of democracy planted by Israel in the Middle East?

Today the United States would still be carrying the staggering burden of maintaining the displaced-persons camps were it not for Israel's willingness to receive the DP's. In our own DP program, we placed restrictions upon the entrance of these people—restrictions on health, restrictions on skills, and so forth. But Israel placed no such restrictions. She took the hard core of the halt and the lame and the blind, as well as the able-bodied. She did not stop to count the cost, because she placed the human life above the dollar.

The cut in funds here proposed has a thousandfold been returned to the United States. In hard cash it has been returned to us in the money that was saved by Israel's generously emptying the DP camps. It has been returned to us by the growth of democracy in the Middle East. It has been returned to us by Israel's voting in the United Nations against aggression and for peace and on the side of the United States. It has been returned to us by the more than proportionate share of medicines Israel has been contributing to the soldiers in Korea.

Now we propose to cut aid to Israel. Why? Because she has done too much? Because she is a little land? Because she is a democracy? It does not make sense. The needs are desperate in Greece and Turkey. The needs are desperate in Israel, too. Israel has not placed herself before us as a suppliant, with no effort on her own to grow into a self-sufficient economy. She has inaugurated an austerity program which, in its severity, is matched by no other country. She has made and is making a superhuman effort to close the dollar gap by raising and producing as much as she can for export. She has not been afraid to raise her own taxes and so impose these burdens upon her people first. She has launched a \$500,000,000,000 bond drive, sold to the people of the United States at a 3½-percent interest-bearing rate, thus taking a debt unto herself which she must herself pay within the next 12 to 15 years. She fought her own battle against aggression with no aid from any country, with no arms. In fact, we ourselves had imposed an arms embargo against her. She has wa-

tered her own deserts and made huge technological strides in the direction of synthetic productions. And, in addition to all that, she has taken the hundreds of thousands of the homeless, so that they may regain their dignity, learn again the lesson of freedom, and become once again productive members of a free society.

Toward such endeavor, toward such industry, toward such evidence of democracy, toward such humanity, we cannot remain indifferent.

The CHAIRMAN. The gentleman from New York [Mr. MULTER] is recognized.

Mr. MULTER. Mr. Chairman, in the short time allotted to me it is impossible for me to tell you the many things I would like to tell you about the reasons why this amendment should not prevail. I have been in Israel several times. I have been through some of the Arab states, and I tell you that conditions in both countries, as far as persons who are compelled to live in tents is concerned, is deplorable. In Israel you have more than 200,000 people living in tents awaiting the construction of homes for them. In the Arab states you have a similar situation.

I am not asking you to cut the part that is allocated to the Arabs as against that which is allocated to the State of Israel. I say you should not cut anything that is allocated to either of these areas. They both need every dollar this bill provides, and more. As a matter of fact, the recommendations that were sent in called for much more. The committee recommended, not as much as was needed, but as much as, and no more than, we should be called upon to spend in this area under all the surrounding circumstances. The job we are trying to do in that area of the world is one of saving and rebuilding human lives.

It is not a matter of saving dollars, it is not a matter of building up trade or industry or even war matériel; it is a matter of trying to give these people an opportunity to rebuild their lives, to build homes for themselves, to build for themselves and their children the wherewithal to make themselves useful citizens. Let us give them a taste of the freedom by which they can acquire a decent standard of living by dint of their own labor. If we do we can then be sure they will be people who will stand by us when the time comes to fight the enemy, who would enslave us all.

(Mr. MULTER asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, this amendment, if adopted, would in effect say that because the people of Israel have helped themselves we are going to cut down on the amount of money we will allot to them. The reduction in the number of refugees in Israel has come about not only because they themselves energetically attacked the problem but also because they have received hundreds of millions of dollars in charity from people in the United

States. The Jewish people had a problem, and they tackled it with wisdom and faith and zeal, and with charity in their hearts.

I visited Israel; I also visited Camp Gaza of the Arabs, and in contradiction to what the gentleman from Minnesota said, there is technical assistance there in Gaza. There is a hospital, and there is a staff there from the United Nations trying to help the Arab refugees. If it were up to me I would probably increase the allowance for the refugees of both the Israelis and the Arabs. I certainly would not decrease it. For a long time the Arab States had no plan for the resettlement of Arab refugees. Now that a plan has been adopted perhaps we could increase their allotment.

However, the simple fact remains that the people of Israel welcomed and still continue to welcome the people of Jewish faith from all over the world; they even welcome those people who cannot even speak the Israelic language. In the refugee camps in Israel are learned interpreters who find it almost impossible to understand the language of some of the people coming in from southern Asia and from parts of Africa; yet they welcome these people there, many of whom are old men who could not possibly contribute to the economy, simply because the people of Israel want to do a charitable deed for the unfortunate and persecuted brethren of theirs.

Mr. Chairman, we would be going against a sound program if we adopted this amendment. It seems to me there should be no question but that the amendment should be defeated.

(Mr. BENNETT of Michigan asked and was given permission to extend his remarks at this point.)

Mr. BENNETT of Michigan. Mr. Chairman, I am vigorously opposed to the pending amendment which is designed to make a substantial cut in our aid to the new State of Israel.

This nation is a sister democracy of ours and has the same objectives as our own country in its efforts to promote harmony and preserve world peace. The House Foreign Affairs Committee has carefully considered all phases of the provision in this bill for Israel and I think we must rely upon its judgment as to the amount of assistance which should be extended. If Israel remains strong and free it can well be of great assistance to the rest of the world in preventing the spread of communism in the Near East.

While I am opposed to our gigantic over-all program of foreign-aid spending and intend to vote against this bill in its entirety, I do strongly feel that Israel should be treated on the same basis of fairness and equality as is accorded to the other nations seeking our assistance and hence I shall vote against the proposal to reduce the amount of Israel's aid, and I hope the amendment is defeated.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. KLEIN].

(By unanimous consent, the time allotted to Mr. KLEIN was yielded to Mr. JAVITS.)

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. CHUDOFF].

(By unanimous consent, the time allotted to Mr. CHUDOFF was yielded to Mrs. KELLY of New York.)

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FLOOD].

Mr. FLOOD. Mr. Chairman, I am not going to discuss the philosophy of the amendment, as it has been so well handled previously. I join in approval of what the gentleman from New York [Mr. CELLER] has said.

I have spent a great deal of time in the Arab world. As a matter of fact, 1 year ago, together with my colleague from New Hampshire [Mr. MERROW], I spent several weeks in all of these Arab states.

I have this very practical thing to tell you practical people. If you want a stationary air base on the North African coast, in case you are going to, God forbid, find it necessary to send bombers back of the Ural Mountains, you better have it where you know you will have it, in Israel and not in the chaotic, turbulent Arab world.

Mr. ROONEY. Mr. Chairman, will the distinguished gentleman yield?

Mr. FLOOD. I yield to the gentleman from New York.

Mr. ROONEY. Mr. Chairman, since the Committee of the Whole has limited debate on this amendment, I have not been able to secure time to fully discuss my opposition to it. Mr. Chairman, I am vigorously opposed to it, and heartily commend my three colleagues from New York and the gentleman from Pennsylvania, for the splendid remarks and convincing statements they have made in opposition to the pending amendment. I trust the Chatham amendment will be voted down.

Mr. FLOOD. Mr. Chairman, I oppose the pending amendment.

(Mr. KERSTEN of Wisconsin asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. KERSTEN of Wisconsin. Mr. Chairman, the State of Israel has proven by its acts that it intends to defend its rights with the maximum military force that it can raise and that this military force will be used in defense of the free world.

In the struggle against Soviet atheistic communism the State of Israel is in the camp of the free world that must be based on the civilization we know as Judeo-Christianity. In this civilization each human being is precious because he is made in the image and likeness of God. I am against cutting aid to the brave little State of Israel.

(Mr. AUCHINCLOSS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. AUCHINCLOSS. Mr. Chairman, about 4 years ago I went on public record that our country should do everything it could to encourage the development and strength and the economic stability of the new Republic of Israel. My judgment at that time has been proved over and over again to have been sound.

This new Republic of Israel is a true democracy, antagonistic to communism and all that godless ideology stands for. Israel today requires its youth to serve in its ever-growing army in the defense of freedom and in opposition to all the enemies of liberty. Indeed, Israel is the greatest hope our country has in our protection against the encroachments of communism in the Near East, that most sensitive spot in the world.

The amendments submitted by the distinguished gentleman from North Carolina, who I am proud to add is a friend of mine whom I highly respect, would cancel to a certain extent the aid which the United States would extend to Israel in helping to establish itself and solve the perplexing problems that confront it. Rather than reduce this aid, it should be increased and this thought is not prompted by any emotional feeling on my part but because it is just sound, good common sense to aid those and help those who in turn will aid in the protection of the liberty and freedom which we cherish in our Nation. I will vote against these amendments and I feel sure that the House itself will not approve of them.

(Mr. McDONOUGH asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. McDONOUGH. Mr. Chairman, I am opposed to the Chatham amendment to eliminate the funds for the aid of refugees in Israel. In view of the vast increase in population in the State of Israel and the enormous number of refugees who have migrated to Israel, and now are in need of shelter and other necessities of life, this fund for the aid of these refugees is urgently needed.

One of the outstanding attempts to create a democratic way of life has been the struggle of the Jewish people to create anew the nation of Israel—Israel which now offers peace and dignity to a people who were perhaps the foremost victims of the holocaust of World War II.

In my opinion this authorization of funds for the aid of refugees in Israel will aid the future development of the State of Israel and will develop its strength as a nation. Israel is in a very strategic position in the Near East, and it is of mutual interest to the United States and Israel that she be kept strong.

Since the State of Israel was established in 1948, 684,275 immigrants came into the country in a space of 44 months. The Jewish population of Israel has more than doubled. For the first 3 years this great migration was made possible by the contributions of Jewish communities all over the world and, to an even greater extent, by the sacrifices of the Jewish people of Israel who shared their slender resources and went deeply into debt.

Many immigrants came to Israel from the displaced-persons camps of Europe where they had been maintained by the United States Government and international agencies. Upon their arrival in Israel they became the responsibility of the new State of Israel, which assumed the burden.

However, early in 1951 it became evident that Israel needed additional help.

The aid voted by Congress to Israel in 1951 is now being made available for food, fuel, power, irrigation, agricultural, industrial, and communications equipment, and this is helping to put the new immigrants to work and helping to care for them.

In 1951, however, because of the mass exodus of the Jews from Iraq, 174,169 additional immigrants came to Israel. In view of a severe drought, shortages of essential capital goods, and the rise in world prices, the economic problems facing Israel have again become critical.

Housing is urgently needed to care for these refugees. Almost 250,000,000 people in the state of Israel today live in villages of tents, canvas-wall huts, wooden cabins, and tin shacks. Clothing is strictly rationed. Food is scarce.

Work must be found for the new immigrants, but they are unable to achieve maximum production because there is a shortage of raw materials, tools, and equipment.

Most of the immigrants come to Israel without assets; many are sick or disabled.

I cannot too strongly urge the defeat of the Chatham amendment which would eliminate the funds for the relief of these unfortunate and suffering refugees in Israel.

The State of Israel is a democracy, and a strong Israel promotes the security of our own Nation and of the free world. Because of its strategic position in the Near East, it is my belief that the United States should render this financial aid to refugees in Israel because such aid will strengthen the economic independence of Israel and will develop its natural resources and industries.

(Mr. YORTY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. YORTY. Mr. Chairman, the amendments would reduce appropriations already inadequate. The refugee problem being handled by Israel would tax the patience, strength, and ingenuity of a much larger and older nation. It is a problem which we must help solve. Failure to do so would be an act of selfishness and blind folly unworthy of a great Nation; unworthy of the great people of the United States whom we are here to represent. I think the people of the Nation want and expect us to help this friendly democracy, which is struggling to integrate hundreds of thousands of unfortunate refugees into its economy and social and political system. When in history has such a new Nation ever achieved so much in the face of such obstacles? When have any people ever demonstrated more fortitude, generosity, or determination? Do the American people want to show their appreciation and admiration by cutting this appropriation? No, of course, they do not. We would fail to accurately express the will of the American people if we voted to cut this appropriation.

We all know Israel is our friend. We can rely upon the people of Israel. Then, too, in helping them to solve their problems and grow strong, we are helping ourselves, helping ourselves in the awful

struggle for world peace in which we are engaged.

This appropriation involves several millions of dollars, a large sum, yes, but comparatively small when one considers the importance of its purpose and the magnitude of the job that has to be done by the State of Israel. Let me emphasize that the refugee problem cannot be considered to be only the concern of Israel. It has much larger implications. It is our problem, too. Every humane consideration compels us to do our part to aid the nation which is doing so much to take in and assist the hundreds of thousands of unfortunate families who knock on its gates and ask admission.

Mr. Chairman, we must help keep those gates open. This appropriation does not really involve dollars. It is families. It is little children looking to us for a home and a chance in life. We must not turn our backs upon them.

(Mr. PHILBIN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PHILBIN. Mr. Chairman, I am vigorously and unalterably opposed to the reductions in the amount recommended for Israeli provided by the terms of the two pending amendments.

It should be manifest to anyone who has had an opportunity to observe conditions in the Near East during the past few years that that area is in great distress and suffering marked unrest.

I am anxious that the Congress should do everything possible to promote friendly relations between the Jews and the Arabs in that area.

However, I cannot see any logic or reason in the proposed reduction of the funds which the new-born Jewish homeland of Israeli so urgently requires in order to carry out its gigantic, humane program of resettling and caring for thousands upon thousands of displaced and persecuted persons from virtually every section of the troubled world, including a considerable number from behind the iron curtain.

Instead of seeking to penalize these most commendable efforts, which have been carried out with an unusual degree of efficiency and humane feeling, I humbly believe that we should do everything we can to support and further these efforts because they are contributing to the alleviation of human misery and the relief of oppressed, persecuted peoples and the succor of the weak, helpless, and persecuted of many nations.

In my opinion, the least we can do here is to display in concrete form our feelings of approval and commendation and our willingness to support the valiant work which the new state of Israeli has so manfully undertaken and is carrying forward with such zealous and unflinching purpose.

I hope that the House will reject these stultifying amendments and thus extend not only a helping hand but that moral encouragement and inspiration for a great human cause which is implicit in the original provisions of the pending bill.

(Mr. ANFUSO asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ANFUSO. Mr. Chairman, I am opposed to any cut in the appropriation recommended for the state of Israel.

We have here two amendments—one to cut the appropriation from \$76,000,000 to \$50,000,000 and another to cut the recommendation of the Foreign Affairs Committee from \$76,000,000 to \$65,000,000.

Thus one amendment attempts to cut the recommended appropriation by \$26,000,000 and the other by \$11,000,000.

To me, both of these proposals appear to be ridiculous. Here we are today appropriating more than \$7,000,000,000 to try to win over friends in the world at a time when our own security is in danger. Now with respect to Israel we don't have to win this country over. She already is on our side and presents one of the strongest bastions for peace in that part of the world.

It would have taken us more than the entire \$7,000,000,000 appropriation, plus thousands of American lives to establish such a bastion for peace had we been compelled to do so.

Recognizing this fact, does not it appear ridiculous that we should try to cut from the appropriation to this noble young nation what by comparison is a very, very insignificant amount?

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. BARRETT].

(Mr. BARRETT asked and was given permission to revise and extend his remarks.)

[Mr. BARRETT addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD as a substitute for the amendment offered by Mr. CHATHAM: Page 17, line 7, strike out the figure "\$76,000,000" and insert the figure "\$65,000,000."

Mr. WIER. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Minnesota.

Mr. WIER. I just want to express my opposition to the Chatham amendment with its cut, and expect to vote against it.

Mr. JUDD. Mr. Chairman, what my amendment does is to provide the same amount, \$65,000,000, for each of these groups—the Arab refugees and the Israel refugees.

Last year I urged that the House maintain equality of treatment in this area. There is no place in the world where the forces are more explosive today and where more damage could happen to ourselves and our security in 24 hours' notice than in this area. Conditions with respect to relations between the Arabs and Israelis are better today than they were a year ago. At last they appear to be on the road to gradual solution of their problems, and I think it is in part due to the fact that in last year's bill we maintained equality in granting aid to the two groups.

I do not doubt for a moment that the sum of \$76,000,000 asked for Israeli this year is justified, but under the circumstances and in view of the larger issue of the security of the United States, which requires peace in the Middle East, I think it may be wise to maintain the same amount for both of these groups of refugees, but that it would be most unwise to reduce the amount of \$65,000,000 to \$50,000,000 for each one of them.

The hour of show-down with the Soviet Union in this area is approaching; it could blow up at any time in the next day or month or year. I do not believe that the amount to be saved by the amendment of the gentleman from North Carolina justifies the additional risk we would be taking if we were to say, by adopting his amendment, at the very moment when a solution of this difficult problem begins to appear possible, that we are reducing our support. I hope that my substitute will prevail rather than that of the gentleman from North Carolina.

(Mr. RICHARDS asked and was given permission to yield the time allotted him to Mrs. KELLY of New York.)

The CHAIRMAN. The Chair recognizes the gentlewoman from New York [Mrs. KELLY].

Mrs. KELLY of New York. Mr. Chairman, I rise in opposition to both of these amendments.

First, I want to comment on the amendment just proposed by the gentleman from Minnesota [Mr. JUDD]. Out of this authorization, you propose a cut for Israel from \$76,000,000 now in the bill to \$65,000,000. But you propose no cut for the Arab refugees. Also, we must remember that the Arab refugees will be getting more contributions from the U. N. fund besides our own, so that the gentleman from Minnesota is to that degree making an inequitable proposal.

Now, to answer the argument of the gentleman from North Carolina [Mr. CHATHAM], regarding the point he made about the impounding of the funds in Israel: Humbly I state at this time that I have been working with the state of Israel toward a solution of this problem, and I am very happy to say that as of yesterday there is a solution and an agreement in being to unfreeze these funds, which will take place very shortly. To cut the authorization to Israel is destructive. It will not bring peace to this area nor will it bring peace between the Arab States and Israel. The Committee on Foreign Affairs, on which I have the privilege of serving, carefully considered the needs of the Arab refugees and the needs of Israel and the ability of this great new democracy to contribute to the free world as our allies. The important problems in the Near East are well known to all of us. I firmly believe we would take a very constructive approach to this area by approving the full amount of assistance to Israel.

As my colleague the gentleman from New York [Mr. ROOSEVELT] explained, we are primarily interested at this time in the resettlement of the refugees in this area and to make them self-sufficient. As far as Israel is concerned, we

must encourage and strengthen this friendly, democratic state and we must assist in solving her economic problems. Aside from the fact that Israel is a great fortress of democracy in the Near East, she has the largest and the strongest military force in this area, next to Turkey. I am sure we all agree that this army, if ever needed, will be on the side of the free world and the United States.

In this program 70 percent is for the resettlement program, which includes housing, farm building, and the importation of necessary commodities to strengthen their production. Thirty percent will permit continuation of assistance in expanding and increasing the efficiency of industry and agriculture in this area.

I compliment my colleagues who have risen in opposition to these crippling amendments which would cut down on aid to Israel and I hope this committee will weigh carefully its decision, because I firmly believe you should take the advice of the Foreign Affairs Committee, who considered carefully the arguments pro and con in bringing forth a plan in this bill. I do hope both of these amendments will be defeated.

Mr. GROSS. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY of New York. I yield to the gentleman from Iowa.

Mr. GROSS. The gentlewoman speaks of the fighting forces they have in Israel today. Can the gentlewoman tell me how many there are in Korea, how many troops Israel has sent there?

Mrs. KELLY of New York. Despite her own economic difficulties and her security needs, Israel has contributed ambulances and medical personnel to the United Nations forces in Korea which are sorely needed there.

Mr. GROSS. More troops from Israel in Korea?

Mrs. KELLY of New York. I am speaking of Israel's contribution in ambulances and medical personnel—doctors, nurses, and the like.

Mr. GROSS. Is Israel a member of the United Nations?

Mrs. KELLY of New York. Yes. And a very strong supporter of U. N. principles.

Mr. CANFIELD. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY of New York. I yield to the gentleman from New Jersey.

Mr. CANFIELD. Supporting the statement just made by the gentlewoman from New York, the Reverend Dan Poling, editor of the Christian Herald and father of one of the famed four chaplains lost in World War II, has written a letter to every Member of the House of Representatives describing Israel as the most reliable bastion in the Near East.

Mrs. KELLY of New York. I thank the gentleman.

Mr. CELLER. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY of New York. I yield to the gentleman from New York.

Mr. CELLER. Israel has made contributions to the forces in Korea. She has a medical unit in Korea with a con-

siderable number of doctors and nurses and other manpower.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mrs. KELLY of New York. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I wish to commend the gentleman from New York, and desire to say that I oppose both the pending amendments.

Mr. Chairman, I rise in opposition to both of the pending amendments which would cut down on the amount of aid to Israel and Arab refugees.

The young State of Israel is a very effective, well-organized, and well-ordered democracy. She is a tower of strength, vigor, and hope in a sensitive area of the world—the Near East.

We need strength and democratic forces in that area just as we do in all the other areas of the world.

The bill before us is a mutual-security bill, in the mutual interest of the United States and the countries we are assisting. Israel stands ready to stand by the side of the United States and other free countries. Let us stand by her side and not cut this aid at a time when our young ally needs our helping hand.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

(Mr. KENNEDY (at the request of Mr. MANSFIELD) was given permission to extend his remarks at this point in the RECORD.)

Mr. KENNEDY. Mr. Chairman, I want to take this opportunity to speak in support of the \$76,000,000 appropriation in this mutual security bill for the Israel refugee program.

The record of accomplishment of the free State of Israel stands as a beacon of inspiration to all free men everywhere.

My personal observations of the epic struggle for freedom which the Jewish people of Israel have made are set forth in the following speech which I delivered last Friday night to a group of Jewish war veterans in Boston:

The importance of the individual, his dignity, his rights and privileges in a democratic society, has already been recognized in Israel.

There, all citizens, regardless of their religion, color, or national origin, enjoy the same fundamental rights. Although Israelis comes from all the continents of the world, all share equally in their status as citizens of the State of Israel. And whether one is a Jew, a Christian, or a Moslem, the right to practice one's own religion according to the belief of his fathers, is guaranteed by fundamental law.

Twelve years ago, I had an opportunity to spend nearly a month in what was the British Mandate of Palestine. The country was torn in that fateful summer of 1939 by violence and strife; it was a prime example of the British policy of divided rule.

I came away with a feeling of hopelessness for the future. But the interest in the establishment of a national homeland for the Jewish people in this promised land that I had derived from my visit was rekindled at the end of World War II. The tragic plight of the Jewish people in Europe and the daring fight that was being made to build a new home in Israel under the guns of the British and Arabs stirred me deeply. I was, therefore, proud to tell the convention of the New England Zionist region on the same

platform with Dr. Silver in 1947 exactly how I felt in these words:

"Today the United Nations has before it the solution of the Palestine problem. It is my conviction that a just solution requires the establishment of a free and democratic Jewish commonwealth in Palestine, the opening of the doors of Palestine to Jewish immigration, and the removal of land restrictions so that those members of the people of Israel who desire to work out their destiny under their chosen leaders may do so."

With this long background of my deep interest in the fight for nationhood, it was a tremendous experience to visit Israel last fall with Congressman FRANKLIN D. ROOSEVELT, Jr. What a tremendous change had taken place in the country from my visit of 12 years before, both in appearance and in spirit. Swamps had been filled, deserts had become productive, and the air rang with vitality and energy.

Nothing in my opinion has been more admirable than the tenacity with which the Israelis have maintained their policy of unlimited immigration. Their willingness to increase their population from 600,000 to over 1,200,000 in the past 3 years and to plan to bring in another 600,000 in the next 3 years is testimony to their invincible faith in their future. And the Israelis have been willing to take the hard-core cases of old men and women, the sick and the infirm, whom the rest of the populace would have to support. We can get some idea of the sacrifice that this policy entails on the population by imagining the tremendous burden we in this large country would have to carry if we increased in a 3-year time our population of 150,000,000 to 300,000,000 and then undertook to increase our population to 450,000,000 in the next 3 years.

Keeping the doors open as a place of refuge to Jews who want to come to Israel from iron-curtain countries or Arab lands has put a strain upon the economy of the country. While private philanthropy and private investment can help make Israel economically self-sufficient, the United Nations and our own country also have a role to play. I was glad to see the American Congress recognize last summer that this Israeli policy deserved American support and I was happy to support the appropriation of \$50,000,000 for this purpose. In addition, I will vigorously support the passage of an appropriation of \$76,000,000 for the Israel refugee program when the House of Representatives considers the mutual security bill next week.

In addition to economic help so that Israel can become self-sufficient, I look upon the development of a free and democratic State of Israel in an area free from threats of aggression, as a goal to which all Americans must commit themselves and the responsibility of the United Nations to fulfill. For the peace of the world it is important that the Arab States recognize the reality of the existence of Israel. Israel is here to stay. The sooner the Arab League is ready to see what the rest of the world has seen for a long time—that a war has been ended, that boundaries have been fixed, and that peace must be established, the sooner this troubled spot of the Near East can be strengthened as an outpost of democracy. Then with free relations between Israel and the Arab States and with the support of our country and the rest of the United Nations, hope can be given to people who live marginal existences in underdeveloped areas for the raising of their standard of living.

This hope can be realized, as Prime Minister Ben-Gurion told Congressman ROOSEVELT and me in Jerusalem last November: "By the emergence of positions of leadership in the Arab States, of liberal, progressive elements, elements genuinely interested in the well-being of all of their people by build-

ing mutual confidences and fears of motive will disappear."

When Mr. Ben-Gurion in the same conversation was asked whether or not certain Arab States might not fear aggression by Israel, he asked us: "How could a country like Egypt with a population of 20,000,000 fear invasion by a small nation of less than 2,000,000. Besides, we were once in Egypt and have no desire to return," he added.

This reference by the Prime Minister of the State of Israel to the liberation of the people of Israel in ancient times from slavery to freedom is historic proof of the ability of a people with the will to be free to achieve freedom. What Israel was able to accomplish in ancient times and what the State of Israel has been able to achieve in recent years should serve as a symbol to all men of the invincibility of the human spirit.

(Mr. PRICE asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PRICE. Mr. Chairman, I concur in the position taken by Mr. ROOSEVELT, Mrs. KELLY, Mr. JAVITS, and the others who have expressed their opposition to these two amendments because I believe they will seriously interfere with a well-ordered plan to give assistance to Jewish refugees in Israel and thereby help that new nation to strengthen itself among the family of free nations. Israel's strength is a definite asset to the security of the free world.

I believe the proposals in the mutual security bill providing for the relief and resettlement of refugees in Israel, and for technical assistance in Israel are sound and I hope the House will follow the recommendations of the Committee on Foreign Affairs. We should reject these two amendments cutting the program and I urge my colleagues to do so.

I believe the program as approved by the committee is justified by the urgent needs of the people themselves, the results that can be achieved and the strategic importance of Israel in the area. Within recent months, tension has mounted in this critical region. We must help its peoples strengthen themselves. We must encourage them and equip them to join us in the defense of the free world from Communist aggression.

The House Committee on Foreign Affairs says in its report:

It would be difficult to exaggerate the importance of this area to the whole free world. It contains vital resources and is the strategic land bridge between Europe and Asia.

With that statement, I wholeheartedly agree. For this reason I must oppose any effort to cut this program and I hope the majority in this House will agree with me.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS] to close debate on the pending amendment.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Illinois.

Mr. YATES. Is it not true that one of the purposes of the Mutual Security Program is to encourage business firms in the United States to participate in building up the economic wealth of the

countries participating in this program? Is it not true that many large United States corporations, such as Philco, Kaiser-Frazer, Ford, General Motors, Reicholt Chemicals, and a number of other firms have made substantial investments and built large plants in Israel? Is there not a strong industrial bond growing between the United States and Israel?

Mr. JAVITS. It is. There is a good deal of American investment in Israel. The fact that large American companies and other American investors have invested there is an added tie with our country and an expression of their confidence in Israel.

Mr. Chairman, I think the members of the Committee on Foreign Affairs will bear witness to the fact I have been as devoted a friend of the solution of the Palestine Arab refugee problem as there is on the committee. I am opposed with equal strength to both parts of the pending amendments.

In the first place, with respect to the Arab refugees, they seek to cut the only promising program for their permanent resettlement, the United Nations program for \$250,000,000, of which we contribute only a part.

Let me emphasize before we make a mistake on this question of equalization that I appreciate both of these amendments are not unfriendly and I want to emphasize that I feel the people of Israel have not a more devoted friend in the House than the gentleman from Minnesota [Mr. Judd].

In the technical assistance part of this section, in the \$55,000,000, there is \$23,500,000 for the Arab States and only \$3,000,000 for Israel. If you add \$23,500,000 to either sixty-five or fifty million the equalization figures offered to us, the Arab part of the bill is still receiving very much more than Israel and this average is emphasized by both these amendments over what it is already in the bill. So you do not get equal amounts even with these amendments.

As to the situation of Israel, I have always argued this question on the floor, and I did it last year, purely as an American legislator. The reason you have a right to aid Israel is the reason just expressed by my colleague from New Jersey, because of Israel's strength in terms of free world security. The reason we give the 396,000 unabsorbed refugees in Israel a somewhat higher amount than we give the 600,000 to 800,000 Arab refugees is that the Israeli refugees are building strength and it costs more to do that, yes even in military terms. Almost the first thing that is done with a young refugee in Israel is that he goes into the army. When I was in Israel I spent a day with the army, and that is exactly what I saw.

Israeli is the one fighting, dependable force in that whole area of the world in terms of the struggle we are fighting. If you need any proof as to the orientation of Israel toward the United States, I point out to you that it is my information that about 160 of Israel's Army, Navy, and Air Force officers have already studied in our military schools. Now,

do you think our military people would let them do that if they had any doubt as to where Israel would stand in the event of a show down? This is a strong reason why we should vote for the authorization as it is contained in the bill.

Furthermore, this is not a program that developed in the committee as it did last year. This is the program of the Department of State. They have gone through this thing with a fine-tooth comb. People have said they were at one time unfriendly to Israel. So much the more important when we come to the program this year, which they have brought in, which they have supported, and which they are enthusiastic about, and with reference to which they say Israel has done a fine job with the last appropriation given.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. JUDD. Does not the gentleman agree that the worst thing that could happen in this area, second only to aggression by the Soviet Union, would be for these two groups to be further set against each other with greater friction and bitterness? That is the thing that would make impossible any solution; would it not?

Mr. JAVITS. I do not think we can dedicate ourselves more effectively to achieving peace in that area than by helping these two groups of refugees.

Mr. JUDD. That is why I want the two groups to be drawn together as rapidly as possible so that they will not be working against each other but standing together against the common enemy of both and of our own country—the efforts of the Soviet Union to destroy and enslave them and us.

Mr. SEELY-BROWN. Will the gentleman yield?

Mr. JAVITS. I yield.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SEELY-BROWN. I congratulate the gentleman from New York for his statement. Certainly the situation in the Middle East is particularly critical. Our efforts to bring some order out of the chaos there have been remarkably successful. I do not want to jeopardize the progress that is being made in this area. Therefore, I shall oppose the amendment offered by the gentleman from Carolina.

(Mr. RANKIN asked and was given permission to extend his remarks at this point.)

[Mr. RANKIN addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. SIEMINSKI asked and was given permission to revise and extend his remarks at this point.)

Mr. SIEMINSKI. Mr. Chairman, I am in accord with the committee on this issue and oppose both amendments because they would destroy what they would be to accomplish, fairness; they would demolish effective aid to needy Israel.

I appreciate the forthrightness of the gentleman from North Carolina [Mr. CHATHAM] and that of the gentleman

from Minnesota [Mr. Judd]. Their stated position is greater aid to the Arab League to equalize aid now given to Israel. But, in cutting aid to Israel to help the Arab League, I think fairness is injured.

As I understand it, Israel has tried time and again, and is still trying, to make peace with the Arab States. This, in spite of the ugly rumor that when the Arab League feels strong enough, it will wipe out the State of Israel. Peace with Israel, in the fullest meaning of that word would bring, I am sure, the fullest measure of assistance to the Arab States. And I am told several intelligent and brave Arab leaders are anxious to make peace but two fears bar them.

The first fear, I am informed, arises from an outside source, the second from an inside one.

Will Transjordan or the Hashemite Kingdom be cut off from economic aid if it makes peace with Israel? I am sure the British would not be so crude. Great Britain is dedicated to peace is it not?

Even if the Hashemites hesitate, Lebanon and Egypt could extend their hands in friendship, could they not?

Iran and Syria have some sticky problems to solve, granted.

Iraq? I am advised that the Aramco Oil Co. has done a magnificent on-the-ground public-relations job.

What is the inside fear of some Arab leaders? Just this: If the ugly rumor of revenge and the future destruction of Israel subsided, people would clamor for economic benefits and a better life which would entail losses to the wealthy.

The choice in the problem is not up to Israel, is it? Then, why hurt her by these two amendments?

The issue is this, it seems to me, the world around: In their 60 to 70 to 80 or more years on earth, men and women are striving more than ever to live in dignity and peace.

Governments and rulers, through the ages, have feared an innocent and kindly triumvirate—a man, his wife, and child, feared them because they seek opportunities in peace, which cement-headed rulers thought could be obtained for a select few only in tyranny or war.

This Mutual Security Act is no fool's paradise. It is showing the cement-heads up.

I side with the committee. Israel needs the aid. The amendments should be defeated. I look forward to greater aid for the Arab League, when a step in the above direction is taken.

(Mr. MADDEN asked and was given permission to revise and extend his remarks at this point.)

Mr. MADDEN. Mr. Chairman, the amendment offered by the gentleman from North Carolina [Mr. CHATHAM] to reduce the appropriation to Israel by one-half and also the substitution amendment submitted by the gentleman from Minnesota [Mr. Judd] to reduce the appropriation by eleven million should be defeated.

The new nation of Israel is an important beachhead for the democratic and free nations in their struggle to curtail the spread of communism in the Middle

East. Statements have been made on the floor to compare the appropriation of Israel with that of Arabia. I do not believe these comparisons should apply as far as these two nations are concerned in the battle against the spread of communism. Israel has already created a substantial army to defend its borders against the encroachment of outside tyranny. The foundation of this young nation has already been constructed on a firm, solid, and permanent base and every aid should be extended by this Congress to aid in its fight, both economically and militarily, in its struggle for self-government and freedom from outside aggression.

Jews in America have been generously contributing their private funds toward the aid and welfare of the Israel nation ever since its inception. The millions of Jews in America have not only been extending an outstanding and patriotic service to their blood brethren in Israel, but their sacrifice in times of crisis and war to America has been an illuminating demonstration of American patriotism.

During World War II, the Jewish representation in the armed services was far above its pro rata allotment. A large concentration of Jewish people live in metropolitan centers. Agricultural, mining, and metal industries, and so forth, which were favored by draft exemptions did not apply to metropolitan centers. Besides the relatively large proportion of Jewish boys taken in the draft, there were approximately 35,000 Jewish volunteers. Statistics show that honors conferred on Jewish soldiers for valor in action included no less than 1,100 citations. These included the Congressional Medal of Honor, Distinguished Service Cross, Croix de Guerre, and other decorations. The records also reveal that more than 10,000 Jewish commissioned officers were in several branches of the service. The total of Jewish casualties was from 13,000 to 14,000 including 2,800 who made the supreme sacrifice. The figures tell of a sacrificial devotion and patriotism to their country which is in line with their age-long battle for freedom.

Both the Chatham and Judd amendments should be rejected.

(Mr. YATES asked and was given permission to revise and extend his remarks at this point.)

[Mr. YATES addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. SMITH of Virginia. Mr. Chairman, I ask unanimous consent that the pending amendments be reread by the Clerk for the information of the Committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. JUDD as a substitute to the amendment offered by Mr. CHATHAM: On page 17, line 7, strike out the figures "\$76,000,000" and insert the figures "\$65,000,000."

Amendment offered by Mr. CHATHAM: On page 17, line 4, strike out "\$65,000,000" and insert "\$50,000,000." One page 17, line 7, strike "\$76,000,000" and insert "\$50,000,000."

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Minnesota [Mr. JUDD] and the amendment offered by the gentleman from North Carolina [Mr. CHATHAM].

The substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. CHATHAM].

The question was taken; and on a division (demanded by Mr. CHATHAM) there were—ayes 66, noes 103.

So the amendment was rejected.

The Clerk read as follows:

Sec. 5. Title III of the Mutual Security Act of 1951 is amended as follows:

(a) At the end of section 301 add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$611,230,000, to carry out the purposes and provisions of this section; and in addition balances of any appropriations heretofore made pursuant to this section unobligated as of June 30, 1952, or subsequently released from obligation, are hereby authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(b) At the end of subsection 302 (a) add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$408,000,000, to carry out the purposes and provisions of this subsection; and in addition balances of any appropriations, heretofore made pursuant to this subsection unobligated as of June 30, 1952, or subsequently released from obligation, are hereby authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(c) Add the following sentence to subsection 302 (b): "Unexpended balances of allocations heretofore made to the Secretary of State pursuant to that proviso shall be continued available until expended."

(d) In the first sentence of subsection 303 (a) after the words "to be appropriated to the President" insert the words "for the fiscal year 1953."

(e) In the second sentence of subsection 303 (a) substitute for the words "1952" the words "1953."

(f) Immediately before the last sentence of subsection 303 (a) add the following: "In addition, the United States Department of the Army is hereby authorized to make available to the United Nations Korean Reconstruction Agency, at the time when that Agency assumes full responsibility for relief and rehabilitation in Korea, goods and services of a value not to exceed \$67,500,000 which the Department of the Army then has on hand or on order for civilian relief in Korea and which the President determines should be contributed by the United States to the United Nations Korean Reconstruction Agency for use in its relief and rehabilitation operations in Korea. The value of goods and services made available pursuant to the preceding sentence shall be credited toward the contribution to be made by the United States to the United Nations Korean Reconstruction Agency."

(g) The last sentence of subsection 303 (b) is hereby repealed.

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS:

On page 18, line 7, strike out "\$408,000,000" and insert in lieu thereof "\$208,800,000."

On page 18, line 8, after the word "subsection", insert "In accordance with the provisions of section 503 of this act and not to exceed \$88,000,000 to carry out the purposes of the provisions of this subsection in accordance with the applicable provisions of the act for international development."

Mr. VORYS. Mr. Chairman, this amendment does two things: It divides Mutual Security from point 4 in title III, just as we have divided point 4 so you can identify it in title II which has just been passed. Thus, you have a chance to consider Mutual Security and defense support as a separate item from the point 4 authorizations in title III.

The committee provided that Burma and Indonesia would no longer come under Mutual Security, because there were no military activities going on there. You see MSA, or Mutual Security, carries on technical assistance; and point 4 carries on economic aid, and they are pretty badly mixed up. This sorts them out a little bit and proposes that for Formosa, Indochina, Thailand, and the Philippines where military assistance is going and, of course, in Indochina there is fighting going on, that the defense support for those countries be cut 10 percent, cut from \$232,000,000 down to \$208,800,000. That would leave \$176,000,000 for point 4 under title III for India, Burma, Indochina, Pakistan, and some other countries; and the amendment proposes to just cut in two the point 4 money for title III.

These amounts are the ones that seem to me to be the wise amounts. It may be the committee will modify them. But we make a 10-percent cut in the defense-support money and we make a 50-percent cut in the point 4 money. That is what the amendment proposes. We have had considerable discussion earlier in the bill about point 4. The Smith amendment covered the waterfront, the whole world, in that respect. This amendment applies only to title III.

Mr. RIBICOFF. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Connecticut.

Mr. RIBICOFF. Will the gentleman please tell us actually in dollars how much is cut out over all by virtue of these changes?

Mr. VORYS. The cut would amount to \$111,200,000; but that would be a 10 percent cut on defense support and a 50 percent cut on point 4. By doing it this way, identifying the authorizations for point 4 separate from authorizations for mutual assistance, there will be no danger that those who administer the act will slip defense-support money over under point 4. I think the Congress has a duty to authorize separately for point 4. This type of amendment gives the House the opportunity to do that.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Indiana.

Mr. HALLECK. Mr. Chairman, I ask for this time only to make a suggestion. We have been debating and considering this matter all week. I know it is hoped that we can conclude consideration at a reasonable hour this evening. May I make the suggestion that possibly

on some of these amendments debate might be limited to 5 minutes for and 5 minutes against. We want to make as much progress as possible, having due regard to the desirability of adequate consideration.

Mr. VORYS. I join in that request, Mr. Chairman, and may I call the attention of the Committee to the fact that although I have made a number of speeches I have not asked for any extension of time.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from South Carolina.

Mr. RICHARDS. We on this side want to cooperate and get through with this matter. However, we have been speaking on a lot of amendments that in no way dealt with an amount of money involved. Now we come along with another meat-ax cut and they talk about limiting debate to 10 or 15 minutes. I want to be reasonable but we have several speeches on this side of the House in opposition to the proposition made by the gentleman from Ohio.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. RICHARDS. Mr. Chairman, ask unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes and that I may have 5 minutes at the end of the debate.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

(Mr. BROOKS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BROOKS. Mr. Chairman, a number of years ago when this program for economic aid to Europe was started, I was inclined to follow along with the program. At that time Europe was still feeling the severe shock resulting from the greatest war in history. Its people were crushed, without morale, and impoverished. I had occasion to see much of the distress in Europe during and immediately following the Second World War and I was greatly disturbed over the terrible sights of destruction which greeted the eye of even the most casual passer-by. During the interim, this country has done a great deal to help the distressed people of Europe—has encouraged leadership and given financial aid to these people. In my judgment, they themselves have gone to work and have accomplished a great deal. It is certain that some of these people have done an outstanding job of bringing back their own economy, rebuilding their own government, and rebuilding their own country out of the ravage of war. They are to be commended for the part they have done for themselves.

My observations of Europe lead me to the conclusion that economically, Europe is rapidly returning to a normal condition. In fact, in my judgment, many countries of Europe are already in a normal condition financially, the people are aggressive and vigorous, industry is noted for its full smokestacks,

throbbing machines, and commerce has again returned to a high level of activity. In these countries, it is my judgment, that no more economic help is needed and the time for cutting down has arrived.

Last year, Mr. Chairman, I voted for many cuts in this bill and I worked to reduce the total over-all amount of the bill. Since then, conditions in Europe have improved further and we no longer need to support further economic aid to Europe unless conditions change very much in the future. At the present time, there are amendments to reduce the provision on page 15 of the bill from \$1,637,300,000 to \$1,337,800,000; another amendment to reduce the amount to \$1,000,000,000 even; and a third amendment to reduce this amount to \$637,300,000. In addition to this, the gentleman from Mississippi [Mr. WILLIAMS] has offered an amendment to cut this provision entirely out of the bill. I favor the last-named proposal, as it will once and for all close this bill of economic assistance and will provide some degree of consideration for our own people.

Many projects throughout the country need financial help from the United States Government. At the same time, the people are heavily burdened by taxes, and I think we must consider our own people in these matters. We must vote to reduce spending. We should reduce the amount authorized in this bill and when the provision for appropriating the money comes up we should see that our people get some relief from the heavy burden of expenditures which rests upon them. If the foreign situation should change in the future, of course, Congress will be in session and we can always appropriate money. Once the money is appropriated, however, it is gone forever from our economy and the burden of taxation rests even more heavily upon people who already most generously have borne the brunt of war expenses.

(Mr. DAVIS of Georgia asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DAVIS of Georgia. Mr. Chairman, I rise to support the amendment of the gentleman from Ohio [Mr. VORYS] to reduce the figures \$408,000,000, to \$208,000,000.

This so-called point 4 program started out to be a program of technical assistance to the underprivileged areas and peoples of the world. It has long ago grown into a world-wide WPA program. In its first year, according to my information, it had an appropriation for only \$35,000,000. The general public believe now that this is a program simply to extend technical aid to underprivileged peoples. As a matter of fact, the technical aid which this bill is intended to provide is insignificant when compared with the supplies and equipment which are intended to be provided.

The effort to provide these supplies and equipment under this so-called technical-aid program is merely an underhanded and back-door method of continuing the Marshall plan and the ECA program, although the sponsors of both of them assured the Congress and the

American people that the Marshall plan program and the ECA program would end June 30, 1952.

To illustrate what I mean, it is proposed in this bill to give to India \$115,000,000. Of that amount, \$6,779,000 would pay the salaries and expenses of 467 technicians, and \$1,705,000 the cost of training 341 trainees. The total of the two items would be approximately \$8,500,000. One hundred six million five hundred and sixteen thousand dollars of the amount allotted for India is intended to be spent for supplies and equipment. The opposition to the amendment now under consideration have stated, in their arguments against the amendment to cut this point 4 money, that we must continue to give food and the necessities of life to the Indian people.

I voted against giving the \$190,000,000 worth of grain to India last year. The information we now have about that grain is that the granaries in India are bursting with grain we have furnished them because of the poor methods of distribution provided by the Government of India. Another bad feature about that grain legislation is that the hungry people, the poor and destitute people, do not benefit from the program. The grain goes to the Government of India, which in turn sells it to the individuals. Thus, the person who needs charity, and who would appreciate our charity, if anyone in fact appreciated it, which I doubt, is the person who does not get the benefit of the grain.

Under this so-called technical-assistance program, or point 4 program, we are doing such things as, and I cite these instances from the contract entered into between our Government and the Government of the Hashemite Kingdom of the Jordan, which is printed on pages 26 and the following of the first report to Congress on the Mutual Security Program:

Appropriations to Water Resources Department.

Appropriations to Department of Agriculture.

Appropriations to Department of Health.

Appropriations to Department of Education.

Appropriations for mineral development.

Appropriations for transportation.

Appropriations for census organization.

Appropriations for industrial development.

Of the sum of \$2,780,000 appropriated under a contract between our Government and the Government of the Hashemite Kingdom of the Jordan, made on February 27, 1951, and amended in January 1952, only \$100,000 was allotted for the training of specialists, technicians, and other technical aid, while \$2,680,000 was allotted to other purposes, which, in plain language, amount to nothing more nor less than a world-wide WPA.

Similar contracts have been entered into between our Government and 32 governments of the world.

Our taxpayers cannot stand this program. We cannot carry all the world on

our backs. This program should not only be cut in half. About nine-tenths of it should be cut out.

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. Chairman, the gentleman from Ohio is having a field day cutting figures off here and there. It should be brought to the attention of the Committee that up to now all cuts have been in the European area.

As I understand the amendment offered by the gentleman from Ohio [Mr. VORVY] he wants to cut the sum of \$408,000,000 in title III down to something like \$208,000,000, roughly a cut of 50 percent. He states in his remarks that 10 percent of the cut will apply to defense funds for the Far East and 50 percent of the cut will apply to the point 4 program.

Mr. Chairman, I wish to state that the point 4 program is the only long-range program authorized in this legislation. It is one way of reaching the lesser developed areas of the world, teaching those countries, not American democracy, but how to better their standard of living so that they can live 35 to 40 years instead of the normal 27 years, teaching them to till their soil through better methods so that they can eat two meals a day instead of one, help them to get a better and a more rainproof roof over their heads, and help them to raise their own standards in their own way.

I think it is perhaps the most important long-range program which we have ever had, and if you want to find its genesis you have to go far beyond what the gentleman from Minnesota, Dr. Judd, has mentioned about the joint reconstruction program in China, which has been a success, and go to the joint Inter-American program which has been in effect 15 years, and which has been the cornerstone of American foreign policy.

Then, this matter of a 10 percent cut in defense funds brings into sharp focus places like Formosa, in which we are all interested; and Indochina, which is of paramount interest at this particular time. I wonder how many Members of this House know that the French have been spending more money each year in Indochina for the past 5 years than they have received each year under the Marshall plan or the Mutual Security program and have suffered tremendous casualties there. I wonder if this House realizes that the French are in that area protecting a vital flank in our common fight against Communist aggression. Think what would happen to southeast Asia if Indochina were to fall or, for that matter, what would happen to all of Asia including Japan, the Philippines and Korea.

It should be stated for the RECORD that France is spending this year, in Indochina, more than one-third of its entire defense budget. This amounts to approximately \$1,400,000,000. In addition, France has in excess of 200,000 soldiers in Indochina, comprising its entire regu-

lar army, most of its regular noncommissioned officers, and practically all of its younger commissioned officers. If it were not for Indochina, France today could place between 10 and 15 more divisions in Western Europe.

These are things to think about because we are engaged in a world-wide struggle for survival and we should remember that what happens in this part of the world affects the rest of the globe. I hope this amendment is defeated.

(Mr. MANSFIELD asked and was given permission to revise and extend his remarks.)

(By unanimous consent, Mr. MILLER of Nebraska asked and was given permission to yield the time allotted him to Mr. KERSTEN of Wisconsin.)

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. KERSTEN].

(Mr. KERSTEN of Wisconsin asked and was given permission to revise and extend his remarks.)

REPUBLICAN LEADERS URGE POSITIVE FOREIGN POLICY OF LIBERATION TO REPLACE OUTWORN CONTAINMENT

Mr. KERSTEN of Wisconsin. Mr. Chairman, the several billions authorized by this bill and the fifty-odd billions appropriated this year for the United States military will be a tragic pyramid of waste if it is used to implement the bankrupt foreign policy of mere containment of communism developed by the Department of State.

Republican leadership should forge the new and affirmative foreign policy of liberation. Such a new policy of liberation is based on the Declaration of Independence. It gives meaning to the dollars spent in the fight against communism. The object of such a policy is victory over communism and not the empty stalemate of a half-free, half-slave world.

"CONTAINERS" ENVISAGE 20-YEAR PROGRAM

The Secretary of State and other advocates of the "containment" policy tell us that it is a long-range policy and that we should be prepared to continue it for 10, 20, or 30 years, with the hope that, maybe, the tyrants of the Kremlin would, after that time, become reasonable and civilized.

I quote from a speech of the Secretary of State entitled "The Peace the World Wants," made before the United Nations in September of 1950.

He stated:

We need this defensive strength against further aggression in order to pass through this time of tension without catastrophe and to reach a period when genuine negotiation may take its place as the normal means of settling disputes.

This perspective is reflected in the proposals of the Secretary-General for a 20-year program a perspective from which we can derive the steadiness and patience required of us.

This perspective takes into account the possibility that the Soviet Government may not be inherently and unalterably committed to standing in the way of peace and that it may some day accept a live-and-let-live philosophy.

The Soviet leaders are realists, in some respects at least. As we succeed in building

the necessary economic and defensive military strength, it will become clear to them that the non-Soviet world will neither collapse nor be dismembered piecemeal. Some modification in their aggressive policies may follow if they then recognize that the best interests of the Soviet Union require a co-operative relationship with the outside world.

CAN WE PAY FOR 20 YEARS OF CONTAINMENT?

Mr. Chairman, let us apply this thinking of the Secretary to the actual economy of the United States—to our actual ability to pay for this kind of a program over a period of 20 years.

Such a 20-year program would not cost us less than \$60,000,000,000 a year for the full 20 years. The cost of such a program would probably increase during this period because weapons do not remain the same. We could not rely on the weapons of 1952 to defend us, under the Secretary's program, in the year 1962. The scientists who develop military weapons on the land, in the sea, and in the air, have a way of increasing costs by the square. One very good example of such increase in costs is the comparative price we now pay for jet planes as compared with the planes of World War II.

CONTAINMENT WILL COST EACH AMERICAN FAMILY \$32,000

But let us be very conservative and say it would cost us only \$60,000,000,000 each year of these 20 years. What does that mean? It would mean that the minimum conservative total cost of such a program would be \$1,200,000,000,000. What does that mean? It means that every family of four in the United States would pay \$32,000 during this period to uphold the Secretary's Maginot Wall of containment. Such a defensive policy that turns the whole world into an armed camp for a period of 20 years or more would almost guarantee the all-out third world war that everyone wants to avoid.

Unless the billions we are authorizing today are used for an affirmative constructive foreign policy, the greater part of the natural resources of the United States will be consumed for nothing. This purely defensive type policy promises for the American people either bankruptcy or war, or both.

LIBERATION AND SELF-DETERMINATION A POSITIVE ALTERNATIVE TO NEGATIVE CONTAINMENT

But what are the alternatives? The defenders of this bankrupt program say there are none. But the Republican Members of Congress have already shown that there is an alternative. Recently, my colleague, Congressman ALBERT P. MORANO, the gentleman from Connecticut, took a poll of the Republican Members of the House. One of the two questions submitted by Congressman MORANO to his Republican colleagues was: "Do you support the inclusion of the principles of national liberation and self-determination for all the Communist-enslaved peoples as planks in our party platform of 1952?"

REPUBLICAN CONGRESSMEN SUPPORT LIBERATION 82 TO 7

On this question 82 Republican Congressmen declared themselves in favor of such a plank in the party platform

and 7 declared themselves not in favor of such a platform. These principles of liberation and self-determination are a positive and effective alternative to the administration policy of perpetual defense. If we embark on this positive policy of rendering assistance to the peoples now enslaved by communism to enable them to eventually free themselves from the Communist tyranny, we can end this threat to our civilization at its very source.

The gentleman from Connecticut also asked his Republican colleagues how they regarded the resolutions—House Concurrent Resolutions 89, 94, 119, 120, 121, 123, 138, 139, and 168—which I introduced last year. Eighty-four Republican Congressmen declared their support of the resolutions, and five declared that they did not support the resolutions.

These resolutions reaffirm the historic friendship of the American people with the oppressed peoples in the Communist-dominated countries. These resolutions express the conviction of the American people that these suppressed peoples have the right of liberation and unqualified self-determination, and to the exercise of their basic inalienable rights and freedoms. Each of these resolutions refers to a different nation now enslaved by communism, namely, the Russian and non-Russian peoples of the Soviet Union, Poles, Czechs and Slovaks, Hungarians, Bulgarians, Rumanians, Albanians, and Chinese. They call upon the President to formulate a new and stronger foreign policy which would exclude all further agreements, commitments and recognition of the Communist regimes, and to explore methods whereby the American people may offer aid and moral support to active fighters now struggling for the liberation of their native lands.

The resolutions also call upon the President of the United States to direct our representatives in the United Nations to charge the Soviet Communist regime with aggression in the various satellite countries which it has overrun and to demand the withdrawal of the Soviet Communists from these countries and the establishment of free elections under the supervision of the United Nations. Our U. N. representatives are further requested to urge the United Nations to assist the various peoples within the Soviet sphere to obtain liberation from their present enslavement.

BASE OUR POLICY ON DECLARATION OF INDEPENDENCE

If we continue a policy of fear, appeasement, and containment, we shall have the all-out war that everyone wants to avoid, and possibly lose our freedom.

If we base our policy on the principles of the Declaration of Independence given us by our forefathers, if we have the courage to rely on the magic power of human freedom under God, if we adopt a foreign policy of liberation, we will be true to the America our fathers loved, and more important, we can transmit that America to our children.

MUTUAL SECURITY AMENDMENT CAN BE USED TO IMPLEMENT POLICY OF LIBERATION

Such a foreign policy can be embarked upon under the provisions of the amendment to the Mutual Security Act of 1951 which I sponsored last year. This amendment provides \$100,000,000 to be used for persons who are residing in or escapees from the Soviet Union and the other Communist dominated countries. This amendment has as its purpose:

First. To assist those people who escape from the Communist tyranny, primarily by forming those who are willing into national army elements which can fight along with the NATO forces; and

Second. To afford practical assistance to people behind the iron curtain who are working to eventually gain their freedom from the Communist regimes.

I am pleased to see that the bill to extend the Mutual Security Act of 1951, H. R. 7005, now being considered provides for the continuation of the program authorized in my amendment to the 1951 act by reappropriating any unexpended balances. I believe that the wording of the bill as it was presented to this committee in H. R. 7005 takes care of the continuation of the program contained in my amendment for the next fiscal year.

PRESIDENT ALLOCATED \$4,300,000 FOR ESCAPEES

The importance of this amendment to section 101 (a) (1) of the Mutual Security Act, with respect to one area of activity contemplated by the amendment, was expressed in a letter from Mr. Averell Harriman to President Truman on March 20, 1952. In this letter Mr. Harriman asked the President to approve the allocation of \$4,300,000 of the fund in order to improve the reception and treatment and secure the resettlement of qualified people who escape from the iron curtain countries. Said Harriman:

It is the unanimous opinion of the departments concerned that this program is of immediate and utmost importance. I concur in this opinion and recommend that you determine the assistance planned will contribute to the defense of the North Atlantic area and to the security of the United States.

Mr. Truman thereupon acted in accordance with Mr. Harriman's request and did determine that such assistance was in the interest of the defense of the North Atlantic area and to the security of the United States and allocated the \$4,300,000 requested.

NONE OF \$100,000,000 HAS BEEN SPENT FOR MAIN PURPOSE

This action of the Mutual Security Director and the President in implementing a phase of activity contemplated under my amendment is a start. But there are apparently some roadblocks in the administration which have prevented any substantial part of the program contemplated under my amendment from getting under way for Secretary Acheson testified on March 29, 1952, before the House Foreign Affairs Committee that not a single dollar of this \$100,000,000 had been spent to that date.

Perhaps the State Department has failed to use these funds because it still clings to its outmoded Maginot-line containment policy and regards this program as incompatible with its vested interest in this containment policy.

Or perhaps the State Department just does not know what to do with these funds and lacks the imagination to devise practical methods of implementation.

IMAGINATIVE LEADERSHIP IN NEW AGENCY NEEDED

But in either case it is obvious that the program to be undertaken is of a very flexible character. In no case should it be permitted to remain static. Dynamic, imaginative leadership must be the keynote to the success of this program. Therefore, I recommend that this highly important task be placed in the hands of a special commission or agency of the Government which can be held accountable to Congress for the dynamic, imaginative type of leadership the situation demands.

The following are the reasons in support of this recommendation:

First. The Hoover Report on Foreign Affairs—page 32—states:

Recommendation No. 7: The State Department as a general rule should not be given responsibility for the operation of specific programs, whether overseas or at home.

In discussing this recommendation, the report further states that the State Department should not undertake operational programs unless unusual circumstances exist. In this connection it also stated that the circumstances in the occupied areas did not appear to be sufficiently unusual to call for an assumption of occupied areas' responsibility by the Department.

Second. The traditional functions and responsibilities of the State Department are of representation, reporting, and negotiation. A long tradition has been built up along these lines which of necessity carries with it a set frame of mind, and an approach which is not suited to the expeditious handling of operational problems outside the area of representation and negotiation.

Third. A special commission or agency of Government which is held directly accountable to the President and to Congress is more likely to bring new and vigorous thinking to play in turning the problems of escapees from communism into real live assets for the free world. Such a commission or agency should be required to report to the Congress at least semiannually on the progress being made, any unusual handicaps being encountered, and pointing up new opportunities that are ours in the all-out cold war.

MINIMUM OBJECTIVES OF MSA AMENDMENT

The minimum basic actions which should be carried out in order to properly implement this section of the Mutual Security Act are:

First. The establishment of adequate reception facilities for escapees from communism.

Second. The establishment of machinery which will guarantee that the individual assets of each escapee will be recognized and taken advantage of.

Third. In the classification methods particular attention should be paid to the following:

(a) Individuals who are physically fit and otherwise suited for military service. These individuals must be given the opportunity to be formed into military elements of NATO.

(b) Individuals who demonstrate practical qualities of leadership should be trained for special tasks in the interest of the free world. The special tasks for which they would be trained would be a short range and long range character. This determination should be made by the appropriate agencies of government charged with the various aspects of conduct in the cold war.

(c) Individuals who possess technical scientific or other special knowledge useful to the free world should be placed in a position where this information can be put to our best advantage.

(d) Individuals who are not suited for military service or who do not possess special talents or knowledge should be prepared for migration to one of the countries of the free world prepared to offer them resettlement opportunities.

Fourth. Plans should be laid for rendering practical assistance to persons behind the iron curtain that looks toward their freedom.

Mr. Chairman, I believe that the program I have outlined provides a positive means whereby we can break through the stalemate which promises to continue in the world indefinitely. I believe that any foreign policy which seeks to guarantee our security behind a Maginot Line of mere containment is doomed to lose for us that very security it purports to preserve.

JOHN FOSTER DULLES FAVORS NEW POLICY OF LIBERATION

I would like to refer to an excerpt from an article in Life magazine of May 19, 1952, by John Foster Dulles on a new foreign policy. I believe that Mr. Dulles' position recently stated is to a large extent the same as I have outlined above. Mr. Dulles states, in part, as follows:

Consider the situation of the twenty-odd non-Western nations which are next door to the Soviet world. These exposed nations feel that they have been put in the expendable class, condemned in perpetuity to be the ramparts against which the angry waves of Soviet communism will constantly hurl themselves. They are expected to live precariously, permanently barred from areas with which they normally should have trade, commerce, and cultural relations. They cannot be enthusiastic about policies which would merely perpetuate so hazardous and uncomfortable a position. Today they live close to despair because the United States, the historic leader of the forces of freedom, seems dedicated to the negative policy of containment and stalemate.

As a matter of fact, some highly competent work is being done, at one place or another, to promote liberation. Obviously, such activities do not lend themselves to public exposition. But liberation from the yoke of Moscow will not occur for a very long time, and courage in neighboring lands will not be sustained unless the United States makes it

publicly known that it wants and expects liberation to occur. The mere statement of that wish and expectation would change, in an electrifying way, the mood of the captive peoples. It would put heavy new burdens on the jailers and create new opportunities for liberation.

Here are some specific acts which we could take:

1. We could make it clear, on the highest authority of the President and the Congress, that United States policy seeks as one of its peaceful goals the eventual restoration of genuine independence in the nations of Europe and Asia now dominated by Moscow, and that we will not be a party to any deal confirming the rule of Soviet despotism over the alien peoples which it now dominates.

2. We could welcome the creation in the free world of political task forces to develop a freedom program for each of the captive nations. Each group would be made up of those who are proved patriots, who have practical resourcefulness, and who command confidence and respect at home and abroad.

3. We could stimulate the escape from behind the iron curtain of those who can help to develop these programs.

4. The activities of the Voice of America and such private committees as those for Free Europe and Free Asia could be coordinated with these freedom programs. The agencies would be far more effective if given concrete jobs to do.

5. We could coordinate our economic, commercial, and cultural relations with the freedom programs, cutting off or licensing intercourse as seemed most effective from time to time.

6. We could end diplomatic relations with present governments which are in fact only puppets of Moscow, if and when that would promote the freedom programs.

7. We could seek to bring other free nations to unite with us in proclaiming, in a great new declaration of independence, our policies toward the captive nations.

As the United States News of January 11, 1952, pointed out about this \$100,000,000 amendment to the Mutual Security Act:

Louder cries of alarm have been sounded by Russians over these dollars than over the \$150,000,000,000 to be spent on United States rearmament.

SOVIET COMPLAINTS AGAINST KERSTEN AMENDMENT

The Soviet Union and its satellites have protested violently to this amendment both to the United States Government and in the United Nations. The gist of their complaints is that passage of the Mutual Security Act with this amendment in it constituted an aggressive act and an intervention in the internal affairs of other countries.

Passage of this amendment is by no means an aggressive act against the peoples of these countries. On the contrary this amendment signalizes our friendship with the suppressed peoples of the Communist countries. It is a formal clasp of friendship through the barbed wire which separates the oppressed victims of communism from the people of the United States. Only the tyrants in the Kremlin need fear it.

AMENDMENT CONFORMS WITH DECLARATION OF INDEPENDENCE

My amendment is in complete harmony with the expression of the basic natural law contained in our own Declaration of Independence. In that document, our forefathers set forth the fundamental God-given right of all peoples

to alter or abolish their government and to institute a new one whenever any form of government became destructive of the proper ends of life, liberty, and the pursuit of happiness.

The Declaration of Independence further stated it was not only the peoples' right but their duty "to throw over such government and to provide new guards for their future security." Clearly, then, since these unfortunate peoples have the right and duty to overthrow their masters in the Kremlin, the American people have a right in every practical way to assist them in such an undertaking.

A VINDICATION OF PRINCIPLE OF NONINTERVENTION

The principle of nonintervention in the internal affairs of other countries is an excellent time-tested principle which should govern the activities of all countries. If the excellence of the principle of nonintervention is to be properly acknowledged and adhered to, it is incumbent upon those devoted to this principle to come to its defense when it is violated and to take positive measures to oppose and end the intervention of outsiders upon the internal affairs of any nation. And it is precisely in defense of this principle, which has been so rudely violated by the Communist gangsters in the Kremlin, that the action taken by the United States in adopting this amendment was so justly warranted.

The Communist outlaws have continuously intervened in the internal affairs of the United States. But more particularly and more disastrously they have intervened in the internal affairs of Lithuania, Estonia, Latvia, Poland, Czechoslovakia, East Germany, Hungary, Bulgaria, Rumania, Albania, China, and Korea, and the Soviet Union itself. They improperly seized power in Russia and have since continued to deny all the peoples of the Soviet Union the exercise of their sovereign right to determine their own affairs. Thus, our declaration of intent to render aid to the peoples enslaved by communism is not a violation, but rather a vindication of this principle of nonintervention, and the right of these peoples to govern their own affairs without outside interference.

AMENDMENT HITS AT VITAL WEAKNESS OF COMMUNIST TYRANNY

This new program set forth in the Mutual Security Act provides a new approach to our foreign policy. If we courageously carry out our plan to help the people of the Communist countries to liberate themselves, we can secure world peace by ending the threat of war at its very source.

The anguished complaint of the Soviets about the Kersten amendment indicates that this program of liberation hits at the vital weakness of the Communist tyranny.

The extent of the Kremlin's cries about this amendment to the Mutual Security Act is quite understandable if the nature of the present world conflict is properly understood. In most of the conflicts of the past nations have been pitted against nations but each of them has had the general support of its own people. But the Communists today are trying to re-

define the nature of man and make him an animal. Acting thus contrary to human nature the Soviet Communist regime has not even the support of the Russian people, much less the other peoples it has subjugated. It must maintain itself only through force and fear. Consequently today in contrast to past conflicts in world history, in which defections on either side were rare, we can expect and encourage wholesale defections from the enemy camp, if we take proper measures. It is the purpose of my amendment to provide our Government with an opportunity to take further effective measures which take into account this unusual but very important factor of potential wholesale defection which thus far has been largely ignored or abandoned. Thousands of refugees have escaped from the countries under the heel of the Kremlin and are now residing in Western Europe. Official estimates as to the number of refugees who have escaped from the Communist tyranny in the past two years indicate that there are a minimum of 18,000 of such people living in Western Germany, Western Australia, Greece, and Turkey. I am also informed that an absolute minimum of 1,000 a month continue to escape, despite the obstacles placed in their way by the masters of the Kremlin.

ESCAPEES STRONG ALLIES AGAINST COMMUNISM

I believe that any student of this problem will agree that those who have lived under the tyranny of Moscow not only have a strong desire to eliminate this universal threat to free men everywhere, but have practical knowledge of the workings of Communism which would enable them to make substantial contributions in the fight against it.

President Truman expressed his views of the desirability of utilizing escapees from behind the iron curtain in his message to Congress on March 24, 1952. He likewise warned of the great loss if we failed to utilize them. Wrote Mr. Truman:

The miserable conditions in which these fugitives from communism find themselves, and their present inability to emigrate to new homes and start new lives, lead inevitably to despair. Their disillusionment is being effectively exploited by Communist propaganda. These men and women are friends of freedom. They include able and courageous fighters against communism. They ask only an opportunity to play a useful role in the fight for freedom. It is the responsibility of the free world to afford them this opportunity.

Joseph Stalin at the Yalta Conference made a very significant observation with respect to all former Soviet citizens who had been deported to Germany or fled there during World War II. He referred to all these people as "seeds of Soviet disaffection" and demanded that all of them be forcibly repatriated by the Western Allies at the end of the war. Stalin was quite correct in terming these people "seeds of Soviet disaffection." We have abundant proof of the accuracy of this statement in the thousands of displaced persons who have come to the United States under the Displaced Persons Act. They are telling the true story about

communism and its every-day workings in thousands of communities throughout the United States. Their hatred of communism and all that it stands for in addition to their desire to tell everyone else their feelings has had a profound effect in bringing to light the evils of communism and the dangers it presents to freedom-loving people.

ESCAPEES NOW BEING NEGLECTED

Emigre groups from the Soviet Union and her satellites are forming organizations in every part of the free world in an effort to acquaint free people with the dangers of the Kremlin plan for world conquest. In the light of these circumstances, it is unfortunate that we, the leaders of the free world, have failed to take full advantage of the great asset the escapees from Communist tyranny present to us. We have even failed to accord them the ordinary decencies of life after their escape from behind the iron curtain. As a consequence the vast majority of them are put into jails or camps or thrown upon an economy that can neither house or feed them, nor give them any opportunity to participate in the fight for freedom. As a first step, therefore, it is necessary that these elementary facilities of reception and care be set up as border hostels in western Germany, western Australia, Italy, Greece, and Turkey. I strongly advocate that the necessary steps to this end be taken immediately and in such manner as will cause each of these countries to continue the work they are already doing so that our contribution will be in the nature of a supplement—but a very badly needed one—to what they are already doing.

It might be helpful to our thinking if we would take another look at this question—from the Soviet point of view. What would they do in a situation where 1,000 people a month "escaped" from the free world to the animal farm of the Soviet Union? We can be sure they would exploit such a situation 24 hours a day. They would use such a situation to convince their own suffering millions that conditions in the west were so bad that "refuge" in the east was a gift from heaven. Look what they have already done with the handful of dupes, fellow travelers, and "dummies" who have sought refuge in the east from the capitalistic warmongers of the west. I say "dummies" because it is no secret that the Kremlin has found it necessary to create characters who have escaped from the west in order to offset the lack of escapees from west to east. Yet, we are failing to take advantage of a situation which is all one-sided to our advantage.

NATIONAL MILITARY UNITS

The principal measure to be taken under my amendment and which is spelled out therein is the creation of national military units of escapees from behind the iron curtain. These military units should have their own national flags and emblems, their own distinctive uniforms or identifying insignia. The units should be attached to NATO or the American Army for command purposes.

Free battalions of Poles, Czechs, Slovaks, Hungarians, Rumanians, Bulgarians, Albanians, Chinese, Lithuanians, Latvians, Estonians, Byelorussians, Ukrainians, and Russians would be strong magnets of defection from Stalin's satellite armies and his own Soviet forces. They would weaken the will of the Communist forces to fight the west and might well be catalytic agents in the ultimate liberation of their native lands.

CIVILIAN BORDER HOSTELS

As these young men come through the iron curtain they should receive first aid and care at civilian border hostels. From there they should be taken on a voluntary basis, to military processing centers and formed into their respective national units. As these units would grow and strengthen the necessity for American troops in Europe would be greatly reduced. As one official in the Pentagon remarked to me, "One Pole, Czech, Hungarian, or other battalions of eastern European nationals is worth a division of American, British, or French troops in opposing Stalin satellite armies." Such units would, according to a high American official just returned from Europe after spending 3½ years with iron-curtain refugees, disintegrate the morale of Red controlled armies.

To put a hypothetical case: If America were taken over by the Reds and our Armed Forces were under the military control of the Soviets, what effect would the setting up of real American units with American uniforms and American battle flags on the Mexican or Canadian border have? What would be the effect on the will to fight for Stalin on the part of the average young American under this control? Would our sons fight for Stalin?

POSSIBILITIES FOR DEFECTION IN SATELLITE ARMIES

The possibilities for defection exist not only among the satellite countries of Eastern Europe but within the Soviet Union itself. But let me assume for the moment that this policy of cutting away and isolating the Communist apparatus from the peoples it has victimized would only be successful in the satellite countries. In the event of war let us examine how this would substantially and radically change the picture in Eastern Europe.

Gen. Alfred M. Gruenther, recently stated that the Soviet armed forces presently consist of 175 Soviet divisions and 60 satellite divisions. The Council of the North Atlantic Treaty in Lisbon recently stated that NATO this year will have approximately 50 divisions in appropriate conditions of combat readiness.

Two hundred and thirty-five Soviet divisions against our hoped-for 50 divisions—more than 4 to 1 against us.

STALIN DISTRUSTS OWN ARMIES

But if we create these free battalions of Hungarians, Poles, Czechs, Slovaks, and the others we let these people behind the iron curtain know in a most practical way that we are willing to assist them. Then in the event of war, the 60 satellite divisions, which Stalin is now

counting on to fight on his side, may well turn their guns around and fight with us instead of against us. These victimized soldiers would come over to join the west singly or in groups, or by mass surrender as they did in the early part of World War II before the Germans mistreated them. Or they may create armed insurrections within their own territory.

Look how this would change the entire picture in Europe: Stalin would lose 60 divisions and we would gain 60 divisions. Thus Stalin would have 175 divisions against our 110. Only a 3 to 2 ratio against us instead of the present 4 to 1. And this does not take into account the excellent possibilities for defection within the 175 Soviet divisions themselves.

EXPERIENCE OF LODGE PLAN

An Associated Press report of April 13, 1952, stated that a report from Heidelberg, Germany, showed that only 220 European DP's had been accepted into the United States Army under the program sponsored by Senator HENRY CABOT LODGE. This program would give American citizenships to European volunteers after 5 years of honorable service in the United States Army. According to the press report, there were more than 5,000 applicants for enlistment in the United States Army under the Lodge plan. Seven hundred and fifty of these were disqualified because they did not fall within the age limit of 17 to 35 years. Another 1,000 did not show up for actual tests, although no information is given as to how long they were kept waiting before they were given actual tests. Still another 1,500 failed to pass the physical, mental, and aptitude tests. Perhaps the reason for this was that the tests were given in English. But even this would leave 1,750 applicants whose applications were not processed, indicating that perhaps the plan is not being properly executed.

LODGE PLAN DIFFICULTIES

Despite the excellent idea of the Lodge plan, it has certain disadvantages, I believe, in comparison to that provided for in my amendment to the Mutual Security Act. Under this amendment there is no promise of American citizenship. Hence any applicant need not be screened to the same extent as would be an immigrant to the United States. Furthermore, the promise of citizenship in the United States is contrary to the very basic psychological urge inherent in my plan. Those most likely to join national units would be those who desire to eventually go back to their own countries when conditions are more favorable, not ones who desire to come to the United States as permanent residents. Such soldiers would be doubly valuable to us in event of war since they would be valiantly fighting for the liberation of their own countries, for the rescue of their loved ones, and the return to their old homes and familiar surroundings.

Under the Lodge plan a European volunteer would be lost in a company of American soldiers, while under the Kersten plan they would be among their own countrymen, with their own friends,

with a much higher esprit de corps. While a potential recruit might be reluctant to join under the Lodge plan, he would be an enthusiastic soldier in his own national unit.

Furthermore, it is evident from enlistment figures that the United States Army is reluctant to take foreigners into American units—probably because it makes their training program more difficult. It disturbs the Army routine. For this reason it would appear that the American Army has not promoted the Lodge plan very enthusiastically. I do not, therefore, believe that the number of persons accepted into the American Army under the Lodge plan is any way a criterion of what could be done under the Mutual Security Act, if properly executed.

None of us can predict the future. But in view of today's precarious world situation it is highly important that we move ahead rapidly in creating these military units of escapees. Unfortunately, however, I do not believe that the Government has moved ahead as rapidly as it could have and should have, despite the enthusiasm of many of the members of the Armed Forces.

GOVERNMENT MOVING TOO SLOW IN FORMING MILITARY UNITS

If war should perchance break out before we have created these units, we would lack this potentially tremendous magnet of defection which could undermine the will to fight of the Soviet and satellite troops.

Some of the escapees may be more useful in the cold war in technical or scientific or other special activities than in the military units. Provision should be made to best utilize such escapees, always, of course on a voluntary basis, however.

Those escapees not suitable for military service or not possessing special skills should be prepared for migration and resettlement in one of the countries of the free world, under the program now being worked out by the various countries.

With regard to aid to persons behind the iron curtain, I wish only to state here that no action is contemplated or intended under my amendment, nor should it be embarked upon, which would set off any premature, abortive revolts or unnecessarily endanger the lives of fearless patriots.

We should, however, proceed without delay in taking the leadership in devising concrete, practical plans aimed to assist in bringing about the eventual peaceful liberation of all the enslaved peoples.

If the people behind the iron curtain can be assured that plans are being made and are being carried into execution to help liberate them, they are more apt to patiently await the propitious moment for freedom than if nothing is done. But if they feel that they have been abandoned they may revolt prematurely in desperation, rather than in hope.

AIM TO AID PERSONS BEHIND IRON CURTAIN SHOULD BE OPENLY PROCLAIMED

Also, this phase of the program—to aid persons behind the iron curtain—should

not be concealed or disguised, but openly proclaimed to the world. We must restore hope to those hopeless people and this cannot be done secretly. We cannot assure the people behind the iron curtain of the sincerity of any purpose to help them unless they know that we believe in the basic freedoms for everybody and that it is the announced, open and continuing policy of the United States to help them.

MAGINOT LINE THINKING BASED ON UNSUPPORTED HOPES

Some of our Government officials speak in terms of a 20-year defense program behind our Maginot line, and counsel us to have steadiness and patience. They say that the Soviet revolution may change; that these revolutionists will modify their aggressive policies, and may some day accept a live and let live philosophy. But they have advanced no factual data which would support this rosy outlook.

The evidence rather points to just the opposite conclusion. A live and let Communists live policy would only strengthen the Communists strangle hold on the people and make less likely any modification of their aggressive policies. These Government officials would stake a 20-year foreign policy and the fate of our country on this unsupported, wishful hope.

CONTAINMENT AIMS AT STALEMATE, NOT VICTORY

And even if their program is 100 percent successful in its own terms it would still leave one-half the world in darkness and misery. It would be well to recall the words of Queen Juliana of the Netherlands in her address to Congress on April 3:

Mankind should be one kind. A split humanity is like a split personality; it is inclined to go from bad to worse, unless it recovers its unity of purpose, comes to coordinated thinking, and gains sanity and happiness.

The same part of the mind of humanity must always remember it's responsible for the other part. The sound half is the one which is designated to save the other half.

Under my amendment to the Mutual Security Act it is now possible for our Government to launch a program which will lead the sound half of the world to saving the other half, and thus heal our split humanity.

AN END TO STALEMATE POSSIBLE

Such a program offers our own American people a foreseeable end to the continuous drafting of our people for military service, and for the dissipation of our blood and resources in stalemate Koreas around the world.

It provides something better for our American people than 20 more years of confiscatory taxes, 20 more years of harassing bureaucratic restrictions, and 20 more years of burdensome armaments and the possible loss of our own liberties.

It provides a means of lifting this onerous burden from the backs of the American people by destroying the Communist threat of war at its very source. WORLD WANTS PEACE OF LIBERTY AND JUSTICE

But far more important than lifting this burden from the American people is lifting the infinitely greater burden of

the enslaved peoples and the restoration to them of their God-given right to freedom. The peace the world wants is not a negotiated peace with Stalin and his gang of criminals, but a peace of liberty and justice for all.

We will then have, not a world half slave and half free, but as Queen Juliana expressed it:

One human race, under the law and the love of God.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. BURLESON].

(Mr. BURLESON asked and was given permission to revise and extend his remarks.)

Mr. BURLESON. Mr. Chairman, the amendment offered by the gentleman from Ohio embodies a very important principle. Aside from the amount of funds involved, it is an attempt to separate several different types of assistance, a thing that we should have done a long time ago. As to the funds involved: I frankly do not know the amount really needed, and I doubt if anyone else does. In this, and other parts of the bill, there is great doubt concerning the needs, but there is a principle involved here which I think is certainly worthy of the support of this House. The amendment proposes to identify the funds authorized by defining the agency administering the program and the purpose for which they are to be used.

I have been very disappointed in the last several years when we have considered this matter that we have not separated these funds in previous legislation in order to determine who is spending the money. Out in the Far East, and Southeast Asia particularly, there are several different agencies doing about the same thing, starting with the transfer of funds from the area of China. You remember that amendment in 1950, I think it was. They have been using those funds in several different places, and by whom I do not know.

Now, we have the point 4 program, we have the military, and we have some other agencies, and it is very difficult to identify where one's work begins and the other stops, except by country. I understand that these agencies do not work side by side in the same countries, but that there are different programs in one country bordering on the other. I think it is high time that we did identify them.

As to the sums, I pass that over for, as I say, I do not know. But I am supporting the gentleman's amendment because of the principle involved in the separation and the identification of the work and the funds which are to be used in that area.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, of all the catch words, slogans, and sugar-sweet titles coined by the political hucksters of the past 20 years or so, none is more nauseating and deceptive than "free world." These words are contained in the bill and throughout the report,

Who and what constitutes the free world? Socialistic Britain? Communist-riddled France and Italy? The dictatorships of Spain and Argentina? Is there individual freedom in the American tradition under kings, dictators, and governments which control every facet of life?

To document the complete idiocy of the term "free world," title 6 of the administration-negotiated pact, under which the United States arms Yugoslavia, alleges that deal to be for the benefit of the free world. What is free about Yugoslavia? It is a Communist police state, run by a Russian-trained Communist dictator, Tito, as ruthless as any dictator on the earth today. The fact that Tito purportedly fails to see eye to eye with Stalin on every issue, certainly makes him no less a Communist and no less a dictator. Yet, in administration language, in black and white, this tyrant, Tito, is part of the free world. (Mr. GROSS asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS of Arkansas. Mr. Chairman, it is painful for me to have to discuss an amendment of this importance in such a brief period. Nothing more important, it seems to me, is before us in connection with this legislation than the proposal to take so much money from the point 4 program in Asia.

I want to read to the House two or three short sentences from an address delivered in this Chamber a year ago. In speaking of the people of Asia, our visitor said:

What they seek now in friendly guidance, understanding, and support, not imperious direction; the dignity of equality, not the shame of subjugation. Their prewar standard of life, pitifully low, is infinitely lower now in the devastation left in war's wake. World ideologies play little part in Asian thinking and are little understood. What the peoples strive for is the opportunity for a little more food in their stomachs, a little better clothing on their backs, a little firmer roof over their heads, and the realization of a normal nationalist urge for political freedom.

Those were the words of Gen. Douglas MacArthur.

Mr. Chairman, the point 4 program is the most practical approach to peace and stability that we could have in the Orient. I have been influenced in my thinking by the contributions to our discussions made by friends on the other side of the aisle. I am grateful to them for the light that they have shed on the problem of helping the people of Asia, because in this fashion, sending our technicians to help people to help themselves, to produce from the soil the things that they need to improve standards of living, as General MacArthur suggested, because it is the least expensive way to do that job and to strengthen our defenses in that area, I am enthusiastic for the technical assistance program.

We spend annually on the whole program around the globe only the equiva-

lent of a few hours expense of our armament program, and here is General MacArthur, a military man, speaking eloquently not of military support but of the strengthening of defense in Asia through nonmilitary means. His words should certainly weigh heavily with the House of Representatives.

I have seen from actual observation in some of the countries what a few hundred thousand dollars will do. In Mexico, for example, in the course of a few years under technical assistance in public and private agencies the production of corn has been doubled. For the first time in 35 years, largely as a result of a cooperative effort under the guidance of practical men they find it unnecessary in Mexico to import corn for their own population.

I cite Mexico because of its longer experience. Asia will profit by such experience. Mr. Chairman, it would be a terrible mistake for us to cut this appropriation.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. JAVITS to the amendment offered by Mr. VOYTS: Strike out "\$208,000,000" and insert "\$232,000,000" and strike out "\$88,000,000" and insert "\$176,000,000."

Mr. JAVITS. Mr. Chairman, it is just inevitable with the members of the committee making amendments that it takes members of the committee to deal with them. I feel very badly about it. I have taken more than my share of the time, but it is unavoidable because when committee members move the amendments other committee members are supposed to know something about them.

What my amendment seeks to do with the amendment offered by the gentleman from Ohio [Mr. VOYTS] is to use his formula, which I think is sound but to reject the deep cut in amounts, to separate out the technical assistance from the defense support part, but to restore the original figures, which aggregate \$408,000,000.

The difficulty with the amendment offered by the gentleman from Ohio [Mr. VOYTS] is this: It goes right to the heart of the proposition, it is not just a question of trimming off fat. In other words, it takes 10 percent off defense support, and if it took another 10 percent off economic and technical aid it could not be argued that the program would die on that kind of reduction, but when it cuts the technical-assistance program, which includes commodities, by 50 percent, then it is really dismembered, for this reason, \$315,000,000 out of the total of \$408,000,000 is going where? It is going to three countries, which are the most critical in the Far East, to us, right now. It is going to Formosa, it is going to Indochina, it is going to India.

In Indochina there is actually a war against communism. Incidentally let us pay a little tribute to the French here. The French are being really bled white in terms of real blood in Indochina.

They are spending a billion dollars a year in the Indochinese war. They are losing the flower of their youth—a very large percentage from among the young people who graduate from their Ecole Militaire—are being killed or wounded in Indochina every year.

Then it is going to Formosa, which is very dear to the hearts of many people in this House as the remaining possibility that ultimately freedom may come back to China.

Finally, it is going to India, where the free peoples are probably fighting for all of Asia, fighting for the devotion to the free peoples of 330,000,000 people. If there was ever short-sighted economy, it would be to adopt this amendment of the gentleman from Ohio on the Far East.

I do not think this is the question of shaving this figure or of saying that the administration is inadequate, and that the figure ought to go down a few percent. This goes right to the heart of the program and cuts it right to its heart in these critical areas—Formosa, Indochina, and India. It is for that reason, which is a fundamental and substantive reason, that I hope very much the House will turn down the amendment of the gentleman from Ohio and adopt the amendment to it I have proposed.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. SHAFER].

(Mr. SHAFER asked and was given permission to extend his remarks at this point, and at Mr. SHAFER's request the balance of his time was given to Mr. JUDD.)

TUNISIA IS HOT SPOT

Mr. SHAFER. Mr. Chairman, I wish to address the House today on the general subject of our relations abroad. I have long had many cross-currents surging within me, and they boiled to a speech.

This is a year of decision for our country, and I have, I think, some comforting thoughts for the Members of this great legislative body as well as for the millions of Americans they have so honorably and continually tried to serve.

The most comforting thought that I have is that American public opinion, which many times in the past has seemed to be buried and seemed to be silent under the continuous barrage of propaganda that avalanches upon it, is neither buried nor is it silent. It is an inspiring thing to report that this same public opinion—and I regard it as the core of the heart of our country—still is able to assert itself and make known, not only its desires, but its anger, when those desires are thwarted by little men in office.

We have a man in the White House who, unfortunately, is a captive President.

He is the creature of two men—one of whom uses the respected black robes of the Supreme Court to mask his role as a political sorcerer. The other is a man who looks to Britain for guidance. Just at this moment he is on the eve of his departure for Britain to receive the honorary degree from Oxford University and to be made a "bencher" at Lincoln's Inn, no relation to our Honest Abe,

Would to Heaven that, using baseball parlance, we could bench him forever. He is the greatest Secretary of State His Majesty ever could have had. His name is Dean Acheson.

And now we see this strange triumvirate—the black-robed sorcerer, the sorcerer's apprentice, and our captive President.

As a great American used to say—and I refer to the late Alfred E. Smith—"Let's look at the record."

The record is terrible. We emerged victorious from a great war. We even saved bolshevism in the form of the U. S. S. R., and in the scant intervening years since the end of that war, we have seen, in what I term "Alger Hiss-tory," the receipt of our bounty—Soviet Russia—emerge as the greatest threat we have ever encountered to everything we hold dear and dear to us in the United States of America.

I used the words "Alger Hiss-tory" because these two chief architects of our misfortune—Felix the Finagler and Acheson the Apprentice—happened to have been the chief protagonists for Alger Hiss, once a seemingly respected figure in the State Department and now a number in the penitentiary.

A captive President termed all this, many times, simply a "red herring."

But, as I said at the outset of my remarks, American public opinion still is true to the traditions of liberty and decency that have characterized it since the birth of our Nation and, thank God, it still can make itself heard.

I wish to call attention to an article in the New York Times of Saturday, May 17. It is a dispatch from Paris by one of the staff correspondents of the New York Times, and it states that we are bringing pressure to bear against the French to speed "implementation"—that horrible government word—"of the program of home rule requirements for Tunisia or face the loss of the United States support." There is a story behind a story in this situation. It is this:

Having lost to the Soviet, the people of China, some 450,000,000 of them, the Frankfurter-Acheson-Truman trio set about promptly to lose our ancient friends, the 400,000,000 persons of the Moslem world. The Tunisians, of course, are members of this second largest segment of human beings.

It is an extraordinary thing that our foreign policy—that is, if we have one—should appear to deliberately alienate what we have long possessed, namely, the respect and the admiration of these peoples. In the first place, the Moslem world always has represented a tremendous bulwark against communism. Like ourselves, Christians, their religion is monotheistic. They believe in one God. Like ourselves, they believe in the right of inheritance and of the maintenance of the dignity of the human being.

These tenets of a basic faith have been abandoned in Russia, but their abolition has not yet been made successful by the men in the Kremlin. Could they but boast of the elimination of God from man's life, and its blind adoption by the 200,000,000 persons under their immediate tyranny, they might indeed feel

secure within the walls of that ancient edifice in Moscow.

But they are clever and crafty men and they have used—to their advantage—our mistakes and weaknesses, in dealing not only with the Tunisian question but the entire situation in the Middle East. They know that the peoples in those areas have long resented a decadent colonial imperialism. They know that the peoples in these areas—and largely because of the success and the development of the American Revolution, have striven for, and quite naturally demanded, liberty, independence, and the freedom to conduct their own affairs.

But what has happened in the past few months? The Frankfurter-Acheson-Truman combination has, by its actions, seemed to deliberately affront and antagonize these peoples. We have sided with Britain in her misconduct in Egypt. We have sided with Britain in her dispute with Iran, and most recently, we have sided with France in her irrational actions in Tunisia.

If we were—as is the custom in Washington—to alphabetize the Frankfurter-Acheson-Truman statecraft, we would call it the FAT agency. I can assure you that the FAT is in the fire so far as the 400,000,000 members of the Moslem world are concerned.

But the saving grace of this frightfully un-American conduct of our international affairs is found in the latest developments and again I wish to call to your attention the story in the New York Times. I shall quote a significant paragraph, as follows:

When the United States abstention from the Tunisian issue drew hostile criticism from the American public, and in Congress, the Secretary of State, Dean Acheson, let it be known that the United States would "re-examine" its position if the Tunisian troubles were not settled and the case were to be raised again before the world today.

What the writer refers to is that, for the first time in our history as a Nation we "took a run-out powder" on decency. There never was a single time before in America's great history when we failed to offer sanctuary, assistance and whatever else we had, in moral backing, financial help or otherwise, to those poor wayfarers from far places of the world who, struggling for liberty in those places, and being rebuffed, finally sought assistance from us.

The black-robed sorcerer and his apprentice changed this. They changed American foreign policy, but they could not corrupt the heart and the soul of the American people. In our book, liberty is not local—it is not a precious gift to be enjoyed by us alone. It is something worth fighting for and assisting wherever it raises its voice. That is why I rejoice in the retreat of the State Department from its previous stand in the United Nations on the Tunisian question.

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman, this is a very, very drastic amendment. The gentleman from Ohio is asking to cut out of the bill for the purpose mentioned something around \$111,000,000. Let us take India just as an instance of what is involved. I think there are just \$115,000,000 here for India where there are 330,000,000 people. A great deal of criticism has been directed at Nehru. He says he does not believe in war as a means of settling disputes, and most of us agree that war is not a means of settling disputes. But Prime Minister Nehru, who has been criticized sometimes for being soft with communism, has just scored both the Moscow and Peiping regimes, and particularly communism in India. According to an Associated Press dispatch from New Delhi, he said that India "will never pay the price the Soviet Union and China have paid to achieve progress."

He also said:

I doubt if the leaders of the Russian people would pay the price if they had the chance to do it all over again.

Do you not believe that? I do.

The 330,000,000 people of India are disciplined in the faith of Gandhi, who believed in nonresistance. Compared with all the billions we are authorizing in this bill for defensive armaments we should not refuse to invest \$408,000,000 in this great area of the world for purposes of peace. These funds are to send scientific, medical, and agricultural missionaries there, if you please. I assert here today that if any good will has come to the people of the United States for what we have done for the people of the world in the way of military or economic aid, it has come from the kind of program we are talking about right now. In the years and years gone by the good will that has come to the people of the United States from countries abroad has come from missionaries of various faiths who have gone from us to sacrifice in those lands. All we are asking for is the opportunity to send some men and women of good will, missionaries of agriculture and engineering, and the medical profession, if you will, to cast bread upon the waters. Although it may not come back to us for many days, I have confidence and faith that if we so invest these funds as carried in the bill, the day will come that you will say it is one of the best investments the United States of America ever made.

The CHAIRMAN. The time of the gentleman from South Carolina has expired, all time has expired on this amendment.

The question is on the amendment offered by the gentleman from New York [Mr. JAVITS] to the amendment offered by the gentleman from Ohio [Mr. VORYS].

Mr. JAVITS. Mr. Chairman, I ask unanimous consent that my amendment may be read before it is voted on.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. JAVITS to the amendment offered by Mr. VORYS: Strike out

"\$208,000,000" and insert "\$232,000,000"; and strike out "\$88,000,000" and insert "\$176,000,000."

The CHAIRMAN. The question is on the Javits amendment.

The amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Ohio [Mr. VORYS].

Mr. COLMER. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers, Mr. VORYS and Mr. RICHARDS.

The Committee divided; and the tellers reported that there were—ayes 122, noes 91.

So the amendment was agreed to.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that the balance of the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The balance of the bill follows:

SEC. 6. Title IV of the Mutual Security Act of 1951 is amended (1) by adding at the end of the center heading "and non-self-governing territories of the Western Hemisphere," (2) by inserting after "Republics" in section 402 the words "and non-self-governing territories of the Western Hemisphere," and (3) by adding at the end of such title the following new section:

"SEC. 403. In addition to the amounts heretofore authorized and appropriated, there are hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$62,400,000 to carry out the purposes and provisions of section 401 and not to exceed \$22,000,000 to carry out the purposes and provisions of section 402. In addition, balances of the appropriation heretofore made pursuant to each such section unobligated as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the applicable appropriation authorized by this section."

SEC. 7. Title V of the Mutual Security Act of 1951 is amended as follows:

(a) Section 522 is hereby repealed.

(b) In paragraph (3) of subsection (a) of section 501, insert before the period at the end thereof the following: "and the supervision, coordination, and evaluation of all reports prepared by agencies of the United States Government in the course of their operations under this act, in order to prevent duplication of effort and to insure a reduction of reporting requirements to the minimum essential for effective operation."

(c) In subsection (c) of section 504, (1) strike out "transferred to or employed by the Mutual Security Agency" and insert in lieu thereof "employed in the United States on programs authorized by this act" and (2) amend the second sentence of such subsection to read as follows: "Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended."

(d) Before the period at the end of subsection (d) of section 504, add the following: "Provided further, That, 90 days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized

by this act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this act, and the military personnel assigned to such programs, shall be in the aggregate at least 10 percent less than the number so employed or assigned on January 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of matériel: *Provided further*, That after the Director has determined the reduction to be effected in each agency, the determination as to which individual employees shall be retained shall be made by the head of the agency concerned."

(e) Amend subsection (c) of section 506 to read as follows:

"(c) Notwithstanding any other provision of law, beginning with July 1, 1952, the Secretary of Defense may furnish military assistance out of the materials of war whose production in the United States shall have been authorized for, and appropriated to, the Department of Defense: *Provided, however*, That nothing in this act shall authorize the furnishing of military items under this subsection in excess of \$1,000,000,000 in value. For the purposes of this subsection (1) 'value' shall be determined in accordance with section 403 (c) of the Mutual Defense Assistance Act of 1949, as amended, and (2) the term 'materials of war' means those goods, commonly known as military end items, which are required for the performance of their missions by armed forces of a nation, including weapons, military vehicles, ships of war under 1,500 tons, aircraft, military communications equipment, ammunition, maintenance parts and spares, and military hardware."

(f) Add at the end of section 506 the following new subsection:

"(d) Of the funds made available for military assistance under the amendments made by sections 3 (b), 4 (a), 5 (a), and 6 of the Mutual Security Act of 1952, not less than \$1,000,000,000 shall be expended for procurement of military end items from sources outside the United States."

(g) Section 511 is amended by adding the following new subsection:

"(c) In addition to the provisions of subsections (a) and (b) of this section, the Director, for the purpose of utilizing most effectively the resources of the United States made available by this act to stimulate and accelerate positive accomplishments toward mutual security, shall take whatever steps he may find suitable or appropriate to assure effective use by recipient countries of their resources, including fiscal and budgetary, for mutual security. In granting assistance under this act, the Director shall take into account the progress made by such countries in the use of such resources for mutual security."

(h) In section 513, amend the heading to read "Special Use of Funds", insert "(a)" after "Sec. 513.", and add at the end of such section the following new subsection:

"(b) Not more than \$100,000,000 of the funds made available under the Mutual Security Act of 1952, of which not more than \$20,000,000 may be allocated to any one country, may be supplied without regard to any conditions as to eligibility contained in this act, or any other act for which funds are authorized by this act, when the President determines that supplying such funds is in the interest of the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination."

(1) Amend section 514 to read as follows:

"STRATEGIC MATERIALS

"SEC. 514. In order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world, the Director for Mutual Security is authorized to initiate projects for, and assist in procuring and stimulating increased production of, materials in which deficiencies or potential deficiencies in supply exist among nations receiving United States assistance."

(j) Amend section 516 by inserting "(a)" after "Sec. 516," and by adding at the end of such section the following new subsection:

"(b) To accomplish the purpose of clause (1) of subsection (a) of this section, under the coordination of the Director for Mutual Security—

"(1) The Mutual Security Agency, cooperating with private business groups and governmental agencies to the fullest extent possible, shall encourage a greater participation by private capital in the guaranty program and shall develop broad criteria to facilitate such participation, including programs consistent with the purposes of the Act for International Development. The Agency shall also, in cooperation with such groups and agencies (including the International Bank for Reconstruction and Development), conduct a thorough study of the legal and other impediments, foreign and local, to private investment abroad, and the methods and means whereby those impediments can be removed or decreased and shall make recommendations thereon to the Director for Mutual Security.

"(2) The Department of State, in cooperation with other agencies of the Government concerned with private investment abroad, and taking into account the study and recommendations described in paragraph (1) of this subsection, shall accelerate a program of negotiating commercial and tax treaties, or other arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to countries participating in programs under this act.

"(3) The Technical Cooperation Administration, taking into account the study and recommendations described in paragraph (1) of this subsection, shall encourage and facilitate a greater participation by private industrial groups or agencies in private contracts awarded by the Administration, and shall, in cooperation with the Department of Commerce and the Mutual Security Agency, find and draw the attention of private enterprise to opportunities for investment and development in underdeveloped areas.

"(c) The reports required by section 518 of this act shall include detailed information on the implementation of this section."

(k) Section 519 (a) is amended by adding immediately after the phrase "may be advanced" the words "out of funds made available for assistance under the Economic Cooperation Act."

(l) Add the following new sections:

"EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

"SEC. 532. The provisions of section 119 of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1517), shall apply to the performance of functions authorized by this act.

"EMPLOYMENT OF RETIRED OFFICERS OF ARMED FORCES

"SEC. 533. Notwithstanding section 2 of the act of July 31, 1894 (5 U. S. C. 62), any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under

this act, and receive compensation in accordance with the provisions of the act of June 30, 1932 (5 U. S. C. 59a).

"MOVEMENT OF MIGRANTS

"SEC. 534. In order to encourage further the movement of migrants from European countries having surplus population, there is hereby authorized to be appropriated to the President \$10,000,000 for use in making contributions for the calendar year 1953 to the Provisional Intergovernmental Committee for the Movement of Migrants From Europe established at Brussels, Belgium, on December 5, 1951: *Provided*, That no part of the funds authorized to be appropriated under this section may be used to pay the salary (or expenses) of the Director General of the said committee, if such Director General was at any time employed by the United Nations Relief and Rehabilitation Agency or the International Refugee Organization.

"INTERNATIONAL FINANCE CORPORATION

"SEC. 535. In order to increase the participation of private enterprise and investment in developing the resources of the areas in which assistance is authorized by this act and to mobilize local capital for such development and investment, such amount as may be required, but not to exceed \$100,000,000 of the funds made available for assistance to further military production, economic and technical assistance under the provisions of this act may be utilized for the purpose of subscribing to the capital of the International Finance Corporation, an affiliate of the International Bank for Reconstruction and Development.

"OCEAN FREIGHT CHARGES ON RELIEF PACKAGES

"SEC. 536. The authority to pay ocean freight charges on shipments of relief supplies and packages under subsection 117 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1515 (c)), shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate: *Provided*, That not to exceed \$2,800,000 are authorized to be appropriated to the President for the fiscal year 1953 for use in paying ocean freight charges under subsection 117 (c) of the Economic Cooperation Act of 1948, as amended.

"INVESTMENT AND INFORMATIONAL MEDIA GUARANTIES

"SEC. 537. The authority to make investment and informational media guaranties under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, shall be fully continued and may be exercised after June 30, 1952, notwithstanding any provision of this act, by any department or agency of the Government that the President may designate."

Sec. 8. The Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), is further amended as follows:

(a) Change the period at the end of the proviso in the first sentence of section 403 (d) to a comma and insert thereafter the words "and after June 30, 1952, by an additional \$200,000,000."

(b) Change section 408 (e) to read as follows:

"(e) (1) The President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, materials, or services to: (A) nations eligible for assistance under title I, II, III, or IV of the Mutual Security Act of 1951, or (B) a nation which has joined with the United States in a collective defense and regional arrangement, or (C) any international military organization or head-

quarters when, in the opinion of the President, such assistance will further the purposes of this act, or (D) any other nation not eligible to join a collective defense and regional arrangement referred to in clause (B) above, but whose ability to defend itself or to participate in the defense of the area of which it is a part, is important to the security of the United States: *Provided*, That, prior to the transfer of any equipment, materials, or services to a nation under this clause (D), it shall provide the United States with assurance that such equipment, materials, or services are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state: *Provided further*, That, in the case of any such transfer, the President shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

"(2) Whenever equipment or material is transferred from the stocks of, or services are rendered by, any agency, to any nation or international organization as provided in paragraph (1) above, such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within 60 days thereafter. The fair value for the purpose of this paragraph shall not be less for the various categories of equipment or materials than the value as defined in subsection (c) of section 403: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than the value specified in paragraph (1) of that subsection plus (a) 10 percent of the original gross cost of such equipment or materials; (b) the scrap value; or (c) the market value, if ascertainable, whichever is the greater. Before a contract is entered into, or rehabilitation work is undertaken, such nation shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided*, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid the United States by such nations, shall at no time exceed \$700,000,000."

Sec. 9. (a) The second proviso in section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, is amended (1) by inserting "from" after "That" and (2) by striking out after "(Public Law 389, 80th Cong.)" the words "shall be used" and inserting in lieu thereof the following: "there shall be allocated to the use of the United States Government whatever sums are necessary to meet United States expenditures for materials required by the United States as a result of deficiencies or potential deficiencies in its own resources: *Provided further*, That any deposit balance remaining in such account shall be used."

(b) Section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, is further amended by adding at the end thereof the following: "The Administrator shall exercise the power granted to him by this paragraph to make agreements with respect to the use of funds deposited in the special accounts of 'participating countries' (as defined in sec. 103 (a) hereof) and any other countries receiving assistance under the Mutual Security Act of 1951, as amended, in such a manner that the equivalent of not less than \$100,000,000 in such funds shall be used exclusively in programs furthering the objectives of section 516 of the Mutual Security Act of 1951. The amount to be devoted from each such special account for such use shall be agreed upon by the Administrator and the country or countries concerned: *Provided further*, That whenever funds from such special account are used by a country to make loans all funds received in repayment of such loans shall be redeposited in such special account."

SEC. 10. The Act for International Development is amended as follows:

(a) Add the following proviso before the period at the end of subsection 404 (b) as amended: "*Provided further*, That for the fiscal year 1953 not to exceed \$17,000,000 is authorized to be appropriated to the President for use in making contributions under this subsection."

(b) Change subsection 413 (a) to read as follows:

"(a) The President shall appoint, by and with the advice and consent of the Senate, an Administrator for Technical Cooperation, who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$16,000 per annum. The President may also appoint, by and with the advice and consent of the Senate, a Deputy Administrator for Technical Cooperation who shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Technical Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator. The Deputy Administrator shall receive compensation at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum."

SEC. 11. There is hereby authorized to be appropriated to the President not to exceed \$12,000,000 to enable him to make contributions to the United Nations International Children's Emergency Fund, this authority to become immediately available and to extend through December 31, 1953: *Provided*, That the contributions shall be made in such a manner as to give assurance that they will not exceed 33½ percent of contributions from all governments, including contributions made by governments for the benefit of persons located within territories under their control: *Provided further*, That none of the funds authorized shall be used in duplication of the activities of other agencies of the United Nations.

Mr. BURLESON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BURLESON: On page 18, line 19, strike out lines 19 to 21, inclusive.

Mr. BURLESON. Mr. Chairman, my amendment would strike out lines 19 to 21, inclusive, on page 18. You will notice that there are no funds involved

insofar as it is noted in the bill, but this section extends an authorization previously made to spend \$45,000,000 for the United Nations Korean Reconstruction Agency.

May I explain briefly that this money was authorized in a bill last year but no money appropriated therefor. There is now in the fund for the United Nations Reconstruction Agency the sum of \$40,-200,000 out of \$50,000,000 previously appropriated. So they have only spent about \$10,000,000. There was \$45,000,000 in the bill last year for this purpose but not appropriated.

As far as relief work and reconstruction in Korea is concerned, there is \$67,-500,000, found on page 19 of the bill, which is to be expended for these purposes by the military. I am not offering any cut in the \$67,500,000, but only that portion of the bill which extends the authorization granted last year and on which no appropriation has been made. I know the argument will be advanced here that this is needed because if the truce talks should come to a close the Congress would not have time to appropriate new money. As a matter of fact, it should be separate legislation anyway. It has no place in this bill. This is an issue which should be treated independently because there is no way of knowing what the need will be, and we have \$67,-500,000 to be used by the Army, regardless of what conditions or what contingencies develop. Therefore, I think we should cut out the appropriation made last year. It would be good legislation to consider separately, and I trust that you will agree with me that this is the thing to do.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. Ribicoff].

Mr. RIBICOFF. Mr. Chairman, in many ways this seemingly innocuous amendment is most damaging.

Basically what we are doing is telling the people of Korea if we adopt this amendment:

"We have had this great war; we have come there for a great principle; your country has been destroyed in the process; your cities have been laid to waste. Now we in the United States, together with the other members of the United Nations, after having agreed to establish a fund for rehabilitation have decided that we are going to walk out on it.

"Oh, I know that we are giving our Army a certain amount of money to rehabilitate, but from a civilian point of view we are no longer interested in the problems of Korea when this ends."

The strange part about it is that this does not involve any actual sum of money, but it is an authorization. You will have to have an appropriation later on. Basically, the United Nations Korean relief fund contemplates \$206,000,-

000, to which 26 nations of the United Nations have made a pledge, and here for the first time you have a situation where 26 nations of the United Nations have agreed to make their substantial contributions, and we in the United States say, "No, we want to go it alone." If there was ever an act of bad faith, or if there was ever anything that would cast us in a very poor light, it would be the adoption of this amendment. I sincerely trust that the House, for its own self-respect and for the self-respect of this Nation, will not take that view after going through a period of war on Korean soil, giving aid all over the world and then refuse to go along with the United Nations, with contributions from 26 nations who all look forward to the day when the war will be over and we will rehabilitate that sorely broken and destroyed economy.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Ohio.

Mr. VORYS. Ought we not also in this authorization, which was not appropriated for the last time, because the time had not come—but should we not leave it in here so that if that happy day comes when it is possible to have a post-war Korean relief program, the Committee on Appropriations will have authority to do it? It is just that simple.

Mr. RIBICOFF. That is all it is, and I think the point is well taken.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from South Carolina.

Mr. RICHARDS. The gentleman from Ohio took the words out of my mouth. I want to concur in everything you said, as well as the gentleman from Ohio.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Texas.

Mr. BURLESON. Is it not true that it would take any agency, whether it was the Army or the Korean Reconstruction Agency, or anyone else, quite a long time to spend more than \$100,000,000 in Korea? And that is what you are going to have; you are going to have \$67,500,-000 plus \$40,200,000, and it is going to take a long time for them to spend that money, regardless of the conditions, and the Congress will be back in session then to take a look at what needs to be done.

Mr. RIBICOFF. The great difference, I will say to the gentleman, is that this contemplates an over-all fund to which 26 nations are making contributions. You would leave the situation where only the United States would make the contributions for relief. We are always talking about other nations not paying their share, and here we are in the process of destroying one fund where 26 nations say they will come in and help rehabilitate. I certainly do not follow the reasoning of the gentleman from Texas in this matter.

Mr. VORYS. Mr. Chairman, if the gentleman will yield further, this is an authorization that Congress made a year ago but the Committee on Appropria-

tions, in view of the situation in Korea, saw fit not to appropriate.

Can we not just leave it on the books, so that if the happy day comes that we can have a postwar period in Korea, the Appropriations Committee will have authority to consider it?

Mr. RIBICOFF. This is a situation where the United States looks good and does not have to pay anything now, but could look awfully bad without giving the taxpayer any benefit at all.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I agree with the gentleman thoroughly because it does not hurt to leave it in, but it might very severely harm our relations with the Korean people and the Orient to cut it out. It would be a great propaganda weapon.

Mr. RIBICOFF. That is true.

The CHAIRMAN. The time of the gentleman from Connecticut has expired. All time has expired.

The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. BURLESON) there were—ayes 32, noes 87.

So the amendment was rejected.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on the bill close at 5:15 p. m., and that I may have 5 minutes at the close to recapitulate what we have done here today.

The CHAIRMAN. Is there any objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. JAVITS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JAVITS:

Page 24, line 18, strike out "subsection" and insert "subsections."

Page 25, line 17, strike out "commercial and tax"; and after "treaties", insert "of commerce and trade"; and after "other" insert "temporary." On line 4, insert "(c)" before the beginning of the sentence, strike out "Agency" and insert "Department of Commerce"; strike out "also." On line 12, strike out "(2)" and insert "(d)." On line 22, strike out "(3)" and insert "(e)." On line 24, strike out "paragraph (1)" and insert "subsection (c)."

On page 26, line 7, strike out "(c)" and insert "(f)."

Mr. RICHARDS. Mr. Chairman, the amendment is agreeable to us.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. FULTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON: On page 23, line 3, strike out the period, insert a colon and "Provided, That none of such funds shall be utilized for such procurement at prices higher than those quoted in the United States, adjusted for differences in the cost of transportation to destination and for quality."

Mr. FULTON. Mr. Chairman, this is an amendment to the \$1,000,000,000 of required off-shore procurement. The present provision of the bill means

\$1,000,000,000 of the total amount of equipment to be procured in this program must be required to be procured overseas.

My amendment says that when items are procured overseas, they must nevertheless not buy any products at higher prices than those quoted in the United States, adjusted for differences in transportation, destination, and quality. That means instead of the \$1,000,000,000 off-shore procurement being mandatory regardless of price, and without any chance for United States businesses to bid, my amendment lets the American businessmen and the American farmers compete, if their prices are lower.

This amendment will be a protection for the American taxpayer as it requires the awarding of contracts to the lowest bidder. Why should not the American businessman and the American farmer be permitted to get the business when they bid lowest? As a matter of fact, my amendment is part of an amendment which has been prepared and endorsed by the American Farm Bureau for the protection of the people from the United States who want to sell goods, products and commodities to be purchased under this program.

I believe it is wrong to take \$1,000,000,000 from the general money under this program and say that the agency and the foreign purchasers cannot buy the goods in America, and that you can only buy abroad with this amount of the appropriation. The present provision of this bill keeps our American farmer and our American businessman out of the program to the extent of \$1,000,000,000.

If the American farmer or the American businessman sells cheaper considering transportation, destination, and quality, then the American taxpayer is entitled, under this program, to say, "Under this Mutual Security Program of arms and commodity purchases for our allies, you must buy it where it is cheaper."

We, therefore, by my amendment, permit the participation by the American farmer and the American businessman in the entire procurement program, and we protect the American taxpayer by saying that every item has to be bought where it is the cheapest.

The taxpayers of this country must be protected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 19, noes 63.

So the amendment was rejected.

Mr. MERROW. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MERROW: On page 23, strike out all of lines 6 through 16 and substitute the following:

"(c) (1) The Congress of the United States finds that mutual security can be realized only to the extent that the countries who receive our aid do their utmost to help themselves and cooperate among themselves and with the United States to the fullest extent in achieving the objectives of the free world. In providing assistance under this act, the Congress of the

United States affirms the desire of the United States to continue to use its leadership and resources for the purpose of uniting the efforts of recipient countries to the end that positive accomplishments toward mutual security may be realized with a maximum of efficiency and a minimum of delay and cost.

"(2) In addition to the provisions of subsections (a) and (b) of this section, the Director, in administering this act, shall insure that, where necessary to the mutual-security effort no country shall receive any assistance hereunder unless it take decisive action to marshal its resources collectively, or individually where more suitable, with integration and unification plans in the appropriate area, and participate in programs which promote collective security in that area. The Director shall insure that, where suitable or necessary to the success of the mutual-security effort, countries take adequate steps to mobilize their industries for mutual defense and gear their fiscal, budgetary, capital, political, and military resources to the objectives of this act and take appropriate other steps toward self-help and mutual cooperation.

"(3) Assistance shall be given on a country-by-country basis to a degree and at a rate commensurate with the rate of progress made in the attainment of the objectives of this act."

(Mr. MERROW asked and was given permission to revise and extend his remarks.)

Mr. MERROW. Mr. Chairman, the chairman of the subcommittee that made a study of European countries last fall, the gentleman from Wisconsin [Mr. ZABLOCKI], and the gentlewoman from New York [Mrs. KELLY] join with me in supporting this amendment which was offered in the committee. For several years I have maintained the position that United States assistance, both economic and military, should be accompanied by reasonable conditions formulated in such manner that the requirements would be mutually advantageous to ourselves and the recipients of our aid.

Certain definite achievements are imperative in realizing the objectives of the free world. If continued progress in this direction is not insisted upon, then our aid may not be used to the fullest advantage in realizing the purposes for which it is given.

There has been considerable progress in the development of a policy requiring the recipients of our aid to adhere to certain definite principles. Last year the Foreign Affairs Committee wrote into the Mutual Security Act a section on eligibility for assistance. In the bill which we are now discussing there is a section that deals with this matter which I proposed to amend.

The purpose of the amendment which has just been offered is to strengthen this section. The proposed substitute is for the express purpose of helping both ourselves and the recipient nations to move more quickly in achieving the objectives of mutual security.

Mr. LANTAFF. Mr. Chairman, I offer an amendment in the nature of a substitute for the Merrow amendment.

The Clerk read as follows:

Amendment offered by Mr. LANTAFF as a substitute for the amendment offered by Mr. MERROW: On page 23, strike out lines 6 through 16, and substitute the following:

"TERMINATION OF ASSISTANCE FOR FAILURE TO MAKE FULL CONTRIBUTION"

"SEC. 532. (a) (1) The Director shall determine for each fiscal year (A) the gross national product of the United States and the proportion thereof which the United States expends for the development and maintenance of its own defensive strength and the defensive strength of the free world, and (B) the gross national product of each recipient nation and the proportion thereof which such nation expends for the development and maintenance of its own defensive strength and the defensive strength of the free world.

"(2) All nations receiving United States military, economic, or financial assistance shall be kept informed of the determinations made under this section. If the Director determines that the proportion of any recipient nation's gross national product for any fiscal year which is expended for the development and maintenance of its own defensive strength and the defensive strength of the free world is less than the proportion of the gross national product expended by the United States for such purposes for the corresponding fiscal year, he shall give such nation notice of an intent to terminate assistance authorized by this act.

"(3) The determinations required by this subsection for the first fiscal year of the United States which ends after the date of the enactment of this section shall be made not later than 30 days after such date, and the determinations for the corresponding fiscal year of each recipient nation shall be made not later than 30 days after such date or the date on which such fiscal year begins, whichever date is the later. Determinations for each succeeding fiscal year for each nation (including the United States) shall be made within 30 days after the beginning of such fiscal year.

"(4) For the purposes of this section—

"(A) In determining the amount expended by any nation (including the United States) for the development and maintenance of its own defensive strength and the defensive strength of the free world there shall be included only (i) items (excluding items for the pay and allowances of members of the Armed Forces) corresponding to those for which appropriations were made by the Department of Defense Appropriation Act, 1952 (Public Law 179, 82d Cong.), under the heading 'Department of Defense Military Functions', (ii) expenditures for military assistance to other nations, and (iii) expenditures for atomic energy purposes.

"(B) If the fiscal year of a nation does not begin on July 1, the fiscal year of such nation which corresponds to the fiscal year of the United States shall be the 12-month period, beginning within the fiscal year of the United States, designated by the Director as appropriate for the purposes of this section.

"(d) All military, economic, and financial assistance to any nation which has been notified under subsection (a) of an intent to terminate assistance shall, upon the recommendation of the Director, be terminated forthwith unless within 60 days after the date on which such notice was given the President determines—

"(1) that adequate measures have been or are being taken by the nation concerned to assure that the proportion of its gross national product expended for the development and maintenance of its own defensive strength and the defensive strength of the free world will not be less than the proportion of the gross national product expended by the United States for such purposes, or

"(2) that (A) the contribution required by paragraph (1) would seriously jeopardize the political or economic stability of the nation, and (B) adequate measures have been or are being taken by the nation to as-

sure that it will make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world.

"(e) There shall be included in each report required by section 518 of this act full and complete information with respect to the determinations and actions taken under this section during the period covered by the report."

The CHAIRMAN. The gentleman from Florida is recognized.

Mr. LANTAFF. Mr. Chairman—

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. LANTAFF. I yield.

Mr. CURTIS of Missouri. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CURTIS of Missouri. Mr. Chairman, these remarks are made under permission granted to me to extend my remarks. The RECORD should clearly show that these remarks were not made on the floor of the House because time to present amendments and debate was cut off in spite of objections made on the floor. At least four persons were on their feet objecting at the time the Chairman put the unanimous request, at 4:30 p. m., that all debate close at 5:15 p. m., the last 15 minutes reserved to the chairman of the committee. The Chair gavelled the request through and then ruled that the objectors had not objected in time.

Mr. Chairman, it is impossible to present an amendment intelligently in 1 or 2 minutes. There were seven amendments at the desk when the debate was shut off. I had three amendments ready to offer, but under the circumstances I withheld them.

The amendment that the gentleman from Florida has presented as a substitute to the amendment from the gentleman from New Hampshire is an amendment that he has spent long hours working out. It is an amendment that the gentleman from Michigan [Mr. MEADER] and myself are quite familiar with and very much concerned about its passage. Our concern is the result of the information we gathered in Europe this last fall as members of the Bonner subcommittee.

The amendment that the gentleman from Michigan [Mr. MEADER] will have to present in 2 minutes time is also an amendment that he has spent long hours in working up. It too is based upon the testimony elicited at the Bonner subcommittee hearings abroad and from rather far-reaching studies made here in Washington. It is a most worth-while amendment, in my opinion it deserved serious consideration.

Some of the other amendments that are at the desk, indeed probably all the amendments at the desk represent hard work and study by the Members of the House presenting them.

The Speaker of the House took the floor this afternoon to state that the

mutual security bill before the House today is one of the most important and far-reaching pieces of legislation that will come before this body. I fully agree with him on this particular point, although I must beg to disagree with him as to the details which go to make up the legislation. Nonetheless on this important piece of legislation the Chairman and, I must state in fairness that he was reflecting what seemed to be the wishes of the majority of the Members present, cut off debate and consideration of serious and far-reaching amendments to this legislation.

I am going to briefly state what the amendments I was going to offer constituted. Fortunately, unlike Mr. LANTAFF's or Mr. MEADER's amendments mine are amendments that can be implemented through the appropriation bill appropriating sums authorized by the bill before us. Nonetheless, the amendments I was to propose are matters that go to the philosophy of the Mutual Security Act and therefore should be considered when considering the legislation and not considered so much in the appropriation. Although I again say they would not be ruled out of order as legislation on an appropriation bill if offered.

On page 20, line 2, I would have offered an amendment to strike out the following words: "not to exceed \$62,400,000 to carry out the purposes and provisions of section 401 and". This was a cut in the bill of \$62,000,000 for military assistance to Latin America. I refer my colleagues to the committee report, page 45, where this item is discussed and again point out that the \$38,000,000 appropriated last year for this purpose has still not been obligated and at the time authorization was sought, and later appropriation, those requesting this sum did not know what they were going to do with it. Now as far as Latin America is concerned, I think it is quite obvious that there is no direct threat there from Soviet Russia. It is impossible to use scare tactics to get us to arm Latin America. The most that Latin America would be used for in a war against Russia is for antisubmarine bases such as we established in World War II. The policy of arming certain Latin American governments is certainly open to grave question. We would in effect be turning over to military dictators the further means of maintaining their dictatorship. Whether the House would agree with this line of reasoning or not I do not know. But I do know that this was a proper and important matter for the House to discuss and decide.

On page 27, line 7, I would have cut the figure \$10,000,000 to \$5,000,000 for movement of migrants. On page 59 and 60 of the committee report you will see this item discussed. For calendar year 1952 the United States contribution to the PICMME budget of \$41,350,660 was \$10,000,000. But in that year it was expected that 24,000 of the 31,000 migrants would move to the United States. Under present law there will be little or no movement of migrants to the United States during calendar year 1953. The other countries in this program with the

United States are Canada, Australia, Latin America, and New Zealand. None of these countries are war casualties in any way. All of them seem to be anxious to obtain these migrants. Under the circumstances it would appear that the United States portion of the budget should be reduced and that was what my amendment intended to effect.

My third proposed amendment was on page 33, line 5, to reduce the \$17,000,000 figure to \$9,000,000, effecting a saving of \$8,000,000. The program affected is the one under the provisions of the act for international development to international organizations for technical cooperation programs. Sixteen million dollars of the seventeen million dollars was to go to the United Nations for this program. This in effect is the United Nations point 4 program. The total budget for this program is \$27,000,000 of which we furnish the \$17,000,000, or 63 percent. Now this Congress has clearly expressed itself in this very bill, and in other bills, that it feels the proper percentage of contribution for the United States to United Nations programs is 33 percent. My amendment sought to implement this congressional policy to reduce our contribution to 33 1/2 percent.

I am not going to draw any conclusions from the record I have heretofore set out as to how the House of Representatives in May 1952 considered and debated the Mutual Security Act. Unfortunately the procedure is not extraordinary. It is almost common. I have only one further comment to add to complete the record. The program for the House next week is a light one. For the following week it is even lighter. The House is so far ahead of the other body in its legislative program that it is quite obvious that the House will be marking time through June. In other words, it is not for lack of time or because of a crowded schedule that the representatives of the people have failed to devote the proper time and study to the serious legislative matters of the day. The reason, whatever it may be, lies elsewhere.

Mr. LANTAFF. Mr. Chairman, the amendment that has just been offered by the gentleman from New Hampshire [Mr. MERROW] is a sound amendment, and I intend to vote for it if my amendment is not agreed to. However in my opinion it does not go far enough.

In brief, the substitute amendment merely says to the recipient nations: To be entitled to our aid you must contribute to your own defense the same proportion of your gross national product as we in America are contributing to defense.

All of us will recall that in 1938 these same nations were supporting large armies through their own economy without benefit of the Marshall plan. Their economies have been strengthened by the Marshall plan, and I believe that today they are fully capable of so reorganizing their tax structures as to contribute much more to our mutual effort. If you will refer to page 18 of the committee report you will see how little these countries are contributing to their

own defense. You will see that not one even approaches the portion of our gross national product being contributed by the American taxpayer.

The amendment is workable. I call your attention to what happened in the Philippines. We told them to revise their tax structure to collect taxes from those with the ability to pay. We said unless you do so we will not furnish any more economic aid. Today they are getting in 60 percent more revenue. The same can be done in Europe to benefit the American taxpayer. I regret that the time is so limited as to prohibit further discussion of this amendment.

The CHAIRMAN. The gentleman from Wisconsin [Mr. ZABLOCKI] is recognized.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Chairman, the Lantaff substitute to the Merrow amendment is about as unworkable as the amendments we were considering yesterday. It will be recalled that yesterday I brought to the attention of the committee the fact that the gentleman from New Hampshire [Mr. MERROW] was going to present an amendment that would be a workable and practical approach. The gentleman from New Hampshire has now proposed such an amendment.

I hope the committee will turn down the amendment offered by the gentleman from Florida and vote for the well-thought-out amendment offered by the gentleman from New Hampshire [Mr. MERROW].

Mr. Chairman, I think it is the temper of the House and surely it is the temper of our country that the assistance to our allies be effective. Certainly we desire that the moneys expended in assistance be wisely spent. With regard to the House action on the Mutual Security bill, I strongly feel that the extensive additional cuts made in the bill can seriously endanger the entire program. I believe it is wiser to give full assistance with certain conditions.

I was among those who originally felt that substantial reductions could be made in the President's request for mutual-security aid; however, after a sincere study of all of the evidence available I have reached the conclusion, as have a considerable number of people not only in Congress but throughout the Nation, that the cuts made by the Foreign Affairs Committee, which, as you know exceed \$1,000,000,000, were about as far as we could go in cutting this bill without crippling the mutual-security program.

Mr. Chairman, I should like to read to the membership a cablegram that the chairman of the Foreign Affairs Committee has received from Arthur Sloan, chairman of the United States Council of International Chambers of Commerce, who is now on board the steamship *Mauretania* returning from Europe. He has surveyed the situation in Europe and has summarized his observations in this telegram which reads as follows:

After conferring with business leaders in NATO countries and our own diplomatic

and military representatives in Paris and London, strongly feel substantial reduction below the \$6,900,000,000 would be detrimental to mutual security and European morale. Fully sympathizing with effort of Congress holding down deficit, but believe further major cuts to this bill a fatal mistake.

Mr. Chairman, I hope that the Committee will adopt the Merrow amendment and when the Committee rises that the membership will vote down the crippling cuts.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Florida [Mr. LANTAFF].

The question was taken; and on a division (demanded by Mr. LANTAFF) there were—ayes 42, noes 69.

So the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire [Mr. MERROW].

The amendment was agreed to.

Mr. SCRIVNER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCRIVNER: Page 22, lines 6 and 7, after the words "may furnish", insert "subject to reimbursement from funds appropriated pursuant to this act."

(By unanimous consent, the time allotted to Mr. MAHON was yielded to Mr. SCRIVNER.)

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. SCRIVNER. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, the gentleman from Kansas has offered a very valuable contribution to this bill. His amendment restores language which was previously in the bill.

The Herter amendment provides that a billion dollars in military appropriations can be taken from the Department of Defense without reimbursement and devoted to the Mutual Security Program. The pending amendment provides for reimbursement.

I have conferred with Department of Defense officials about this and they are in favor of the amendment offered by the gentleman from Kansas [Mr. SCRIVNER]. It is most important if we are going to have a proper military fiscal policy to adopt the amendment offered by the gentleman from Kansas [Mr. SCRIVNER].

Mr. SCRIVNER. Mr. Chairman, the gentleman from Texas [Mr. MAHON], chairman of the Military Subcommittee on Appropriations, has stated that all this amendment does is to make the language read just exactly as it did in last year's bill. The section as it now stands would provide that the Secretary of Defense could take a billion dollars' worth of arms, tanks, and equipment used by the United States Army, the United States Air Force, the United States Navy, the United States Marines, and transfer it to different foreign countries without any reimbursement to the Department of Defense at all, which would be equivalent to a \$1,000,000,000 cut in our military appropriations providing for our own troops. In other words that would be equivalent to a billion-dollar raid on the arms of our own troops.

The situation might arise where there might be some material that we have on hand that some of these foreign nations might have to have in a hurry. If that situation arises and the Secretary of Defense is called upon to provide some of those things in a hurry, right away, that is all right, there is no objection to that, but when such equipment is furnished all this language provides, as last year, is that there shall be reimbursed into the defense appropriation, United States defense appropriation, an amount equivalent to pay for that material out of the appropriation herein provided.

Now, that is the only right and proper way to do it. The gentleman from Texas [Mr. MAHON] has told you that the Defense Department does not want this. They have been before our committee and told us what they needed under their tables of organization and equipment. They have told the Committee on Foreign Affairs that the request for foreign military aid has been based on the needs of the tables of equipment and organization; therefore, if we are to have orderly process, if we are to be able to maintain and keep track of the military expenditures, our domestic and foreign military programs, this is the only commonsense practical way of doing it. In other words, let the Defense Department tell us what they need for our own troops and then let them come in under another authorization and tell what they need for the foreign troops.

I trust the amendment will be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. SIKES].

(Mr. SIKES asked and was given permission to revise and extend his remarks.)

Mr. SIKES. Mr. Chairman, the language which now is on the bill is, to all intents and purposes, utterly meaningless, because there simply is not a billion dollars worth of arms and ammunition that possibly could be transferred out of the current military stocks or those which are provided for in the fiscal 1953 bill, which has been passed by the House. We have already cut those stocks to the absolute minimum, or they have been used in Korea, or the bill that passed the House was cut to the point that it would not be possible for any of this material to be transferred to other countries without ruinous effect upon our own military services. Therefore the language which has been proposed by the gentleman from Kansas, which would make this reimbursable, is certainly desirable, if the language in the bill is to remain.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from South Carolina.

Mr. RICHARDS. I would like to say to the gentleman from Florida that he is making a fair statement. This amendment was offered by Mr. HERTER in committee. I never thought, and I do not assume now, that this program will not get any benefit out of it. Therefore, I cannot conscientiously oppose the amendment offered by the gentleman.

Mr. RIBICOFF. Mr. Chairman, I ask unanimous consent that 1 minute of my time be given to the gentleman from Minnesota [Mr. JORD] and 1 minute of my time be given to the gentleman from Ohio [Mr. VORYS].

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, if we ever have a billion dollars' worth of military equipment that is needed for use by troops of other countries rather than our own for our own security, we certainly ought not to have to stand on ceremony about reimbursing the Defense Department. You talk about reimbursement. The taxpayer does not get any reimbursement. I do not see any reason why, if we get to a situation where we need equipment in our defense, we need to worry and fret about reimbursing the Pentagon. Of course, they like to have reimbursement from all kinds of funds, get all the money they can, and I do not blame them, but it seems to me that we should think first about the best use of the weapons we have for our own security and not about paying the Pentagon back.

Mr. Chairman, I am opposed to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. SCRIVNER].

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. BREHM].

Mr. BREHM. Mr. Chairman, I ask unanimous consent to proceed out of order, and to revise and extend my remarks in the Appendix of the RECORD under the title "Guilty of What?"

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

[Mr. BREHM addressed the Committee. His remarks appear in the Appendix of today's RECORD.]

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gross: On page 33, strike out lines 8 through 24, and on page 34 lines 1 through 5.

Mr. GROSS. Mr. Chairman, this provision of the bill would be laughable were it not so tragic.

The foreign spending woods are literally full of payrollers. We have about as much use for a \$16,000-a-year technical director and a \$15,000-a-year deputy technical director as a bull frog has for feathers.

Why is it, practically every time the administration brings in a spending bill, it sets up personnel, an office or sometimes an entire agency to do the spending?

Do not insult the American people by establishing two more, expensive and ab-

solutely unnecessary jobs at their expense. My amendment will halt this election year payroll padding.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

(Mr. REES of Kansas asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. REES of Kansas. Mr. Chairman, this legislation provides for the expenditure of an additional \$6,900,000,000, almost all in European countries. It is an addition of \$12,000,000,000 already appropriated and unexpended. It means you will have \$18,000,000,000 to spend for mutual assistance in European countries between now and July 1, 1953. Do not forget that none of these funds are for Korea. Not at all. This money goes to Europe with a small share to Asiatic countries.

We are told that about \$13,500,000,000 is for military aid, and four and a half billion is for economic aid for these countries.

Before I proceed further, do you realize this \$18,000,000,000 is more than the total to be expended in the United States of America, next year outside of military expenditures. Think that over. More money being spent for those countries under mutual assistance than all of the combined civilian agencies in our own country. That includes funds for agriculture, highways, flood control, salaries, and other expenditures combined. Incidentally, it is reported by one of the members of this great committee that we are reducing military expenditures in our own country and increasing military expenditures abroad.

Mr. Chairman, I don't want to be placed in a position of being unwilling to assist other people in their need. I think we ought to cooperate and help people who show a willingness to help themselves. I agree with those who insist that what we need is a better understanding with other people of the world. If I thought for a minute the expenditure of this additional \$6,900,000,000 is really needed on top of \$12,000,000,000 on hand, in order to help prevent a world catastrophe, I would not hesitate to support it.

Let me quote right here, if I may, from an address delivered only a few days ago by a distinguished American, an authority on foreign affairs. He is a chief adviser on foreign policy for our Government appointed by the President. He is John Foster Dulles. He has already been quoted by a distinguished member of the House Committee on Foreign Affairs. Here is what he says in part. I hope you will weigh his words carefully and thoughtfully:

With nations, as with men, money is no substitute for character. Our Nation today is spending fabulous sums for security. The target this year is about \$60,000,000,000. We have given away, in one form or another, about \$40,000,000,000 since 1945. If money could buy security and happiness, we should have them. Yet we have them not. Today we are insecure, we have less good will than ever before in our history, and our people feel a sense of frustration.

Mr. Chairman, the distinguished chairman of this committee made a most important statement when he said, "We must maintain a solvent United States." I know he means every word of it. I would like to add he is one of the most earnest and sincere Members of this House.

Let me call your attention to a few facts. Our national debt is about \$255,000,000,000. That is almost twice the total indebtedness of all the countries we seek to help under this program. Here is another thing. It is estimated that, on an average, only about 50 percent of taxes levied in these countries is really collected. Evidently, the United States of America takes care of a good share of the rest of it. Incidentally, it would help if it could be explained why the French Government should charge our Government 20-percent tax for material we use in building airfields and highways in France, all materials being paid for with money of our taxpayers. Also, why she charges \$2 and \$3 for every member of the American Armed Forces that lands in France. Where is the mutuality in that transaction? I know these are incidental, but they are relevant.

It might be well right here to remind ourselves again that this mutual assistance is in addition to the hundreds of millions our Government is spending to maintain military personnel abroad, together with housing and equipment of various kinds.

Another thing difficult for our taxpayers to understand is that so much of these funds go for expensive improvements abroad. It is claimed that the amount spent for power dams and flood control abroad is almost as much as the amount spent for flood control in our own country.

Mr. Chairman, I do not think these expenditures are as carefully checked as should be done. Why, for instance, should American taxpayers be used for building the biggest and most modern railway station now under construction in Rome?

It ought to be related that the economy in each and every country sought to be assisted under this legislation is in much better condition than prior to World War II. I do not mean they are in good shape. They are not. They will need more assistance. It seems to me that, taking everything into consideration, that \$12,000,000,000 now on hand is sufficient. Make sure it is expended carefully and judiciously. Then look the situation over. Do not forget our taxpayers have reached the limit. And please do not forget the deficit for this year is approximately \$14,000,000,000.

Mr. MEADER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MEADER: On page 24, strike out line 19 and all that follows down to line 9 on page 26, and insert the following:

"(b) (1) To assist in carrying out the purposes of this act, through encouraging and facilitating the development of the natural resources of foreign areas by the investment of private capital and eliminating barriers to and providing incentives for engaging in

business enterprises in such areas by persons or business organizations who are nonnationals of such areas, there is hereby established a bipartisan commission to be known as the Commission on Aid to Underdeveloped Foreign Areas (hereafter referred to as the 'Commission').

"(2) (A) The Commission shall be composed of 14 members as follows:

"(i) Ten appointed by the President of the United States, four from the executive branch of the Government and six from private life;

"(ii) Two Members of the Senate appointed by the Vice President; and

"(iii) Two Members of the House of Representatives appointed by the Speaker.

"(B) Of each class of members, not more than one-half shall be from each of the two major political parties.

"(C) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

"(3) The Commission shall elect a Chairman and a Vice Chairman from among its members.

"(4) Eight members of the Commission shall constitute a quorum.

"(5) (A) Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

"(B) The members of the Commission who are in the executive branch of the Government shall each receive the compensation which he would receive if he were not a member of the Commission, plus such additional compensation, if any, as is necessary to make his aggregate salary \$12,500; and they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

"(C) The members from private life shall each receive \$50 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

"(6) The Commission shall have the power to appoint and fix the compensation of such personnel as it deems advisable, without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended.

"(7) The service of any person as a member of the Commission, the service of any other person with the Commission, and the employment of any person by the Commission, shall not be considered as service or employment bringing such person within the provisions of sections 281, 283, or 284 of title 18 of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

"(8) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this subsection (b).

"(9) (A) The Commission shall study and investigate the problem of aiding underdeveloped foreign areas and shall formulate and recommend to the President and the Congress specific programs for carrying out the purposes of this subsection (b).

"(B) The Commission shall report to the President and to the Congress from time to time the results of its study and investiga-

tion, together with such recommendations as it deems advisable. The Commission shall file its first report within 1 year after the date of enactment of this act, and annually thereafter.

"(10) (A) The Commission may create such committees of its members with such powers and duties as may be delegated thereto.

"(B) The Commission, or any committee thereof, may, for the purpose of carrying out the provisions of this subsection (b), hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such committee may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before any committee thereof.

"(C) The Commission, or any committee thereof, is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality, information, suggestions, estimates, and statistics for the purpose of this act; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, or any committee thereof, upon request made by the chairman or vice chairman of the Commission or of the committee concerned.

"(D) The Commission, or any committee thereof, shall have power to require by subpoena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; to have printing and binding done; and to make such expenditures as it deems advisable within the amount appropriated therefor. Subpenas shall be issued under the signature of the chairman or vice chairman of the Commission or committee and shall be served by any person designated by them. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U. S. C., title 2, secs. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this section."

Mr. MEADER (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with. It appears on page 874 of the committee hearings and pages 5762 and 5763 of Wednesday's CONGRESSIONAL RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MEADER. Mr. Chairman, the purpose of this amendment is to set up a bipartisan commission, like the Hoover Commission, charged with the task of aiding private investment overseas.

I point out that the bill before you now carries a provision ordering the Secretary of State, the Director of Mutual Security, and the Technical Assistance Agency to encourage private investment overseas by tearing down legal and political impediments to such investments. That is attacking the problem with a feather duster. The Department of State and these other agencies are not going to do anything effective. They could have and should have done that job in the past if they had the capacity and the will to do so. They have not encouraged private enterprise, and have no real interest in doing so.

I hold in my hand the most recent figures on investments overseas since World War II. Do you know that we have only \$13,500,000,000 of private investment in foreign areas today, and only \$5,000,000,000 of that is an increase since the last World War? Most of that investment is in the Western Hemisphere. Outside the Western Hemisphere the total new investments overseas since 1945 are \$1,792,000,000, of which \$1,050,000,000 is in petroleum properties. This leaves only \$742,000,000, including reinvested earnings, in 5 years, or about \$150,000,000 a year of private investments, outside of petroleum properties. At the same time we are spending seven to eight billion dollars a year of taxpayers' money, much of it in economic undertakings.

The proof of the pudding is in the eating. These puny figures on private investment overseas indicate that the administration of our foreign-aid programs has not been helping, but hindering, private investment. These leopards will not change their spots, no matter how earnestly the Congress urges—or orders—they to stand up and fight for free enterprise.

The committee itself does not believe these agencies are going to do much good. It says on page 63 of its report:

In carrying out its programs, the TCA should intensify its implementation of the legislative mandate: "The participation of private agencies and persons shall be sought to the greatest extent practicable." Thus far the TCA appears to have given this provision a most gentle nod, where a push is required.

The provision of the bill is an illusion. We need a new approach and new thinking. The commission, with substantial representation from private life, may solve this difficult problem and provide real impetus for private investment. The executive agencies will not.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. MEADER) there were—ayes 34, noes 76.

So the amendment was rejected.

Mr. JUDD. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD: On page 24, line 1, strike out "in the interest of" and insert "important to."

Mr. JUDD. Mr. Chairman, this amendment was adopted in committee, and by inadvertence was not contained in the bill.

Mr. RICHARDS. The gentleman from Minnesota is correct about that. This is a perfecting amendment, and we are indebted to the gentleman for calling it to our attention. This should be in the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. JUDD].

The amendment was agreed to.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 22, strike out lines 22 through 25, and on page 23, strike out lines 1 through 3.

Mr. GROSS. Mr. Chairman, I am certain many American companies and thousands of American workers would be glad to get the billion dollars in military contracts which this bill proposes to give to foreigners. My amendment will prevent this proposed double-cross of American industry and labor.

Is it the purpose of our foreigners-first administration to make us dependent, in part, upon foreign manufacturers and cheap labor for our military needs?

Here is the opportunity for you to make your decision as between American industry and labor and those foreign alleged "friends" who are conspicuous by their absence on the battle front.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 23, strike out lines 17 through 25, and on page 24 strike out lines 1 through 5.

Mr. GROSS. Mr. Chairman, I ask again, as I have asked so many times on the floor of this House—how many more multi-million-dollar blank checks are we going to give the President under the guise of so-called emergency or national security?

We all know he has millions in his contingent fund, and other expense accounts, to handle any dole not provided for in this bill.

Let us save this \$100,000,000 by voting for my amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 27, strike out lines 3 through 25, and on page 28, strike out lines 1 through 3.

Mr. GROSS. Mr. Chairman, the American taxpayers have been saddled for more than seven long years with the European refugee problem. I hesitate to say how much money has already been extracted from our people in this connection.

This problem has no place in this bill. Let some of the alleged friends in foreign countries that the administration talks so glibly of take over this European refugee program for a while. My amendment will give them that opportunity.

It will also wipe out the proposed international middleman or middle organization. Why put those fingers in the jam jar? If there is anything more expensive than direct dole, it is indirect dole through a grasping middleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 28, strike out lines 16 through 23.

Mr. GROSS. Mr. Chairman, why continue this business of virtually gag-

ging and bribing American newspapers in foreign countries with subscriptions and advertising paid for, in some instances, at exorbitant rates—and always with our taxpayers' money?

For example, subscriptions listed in the Rome Daily American as costing about \$12.50 were bought with American taxpayers' money at the rate of \$15 to \$24 each. As a result of my discovering this there have been some so-called downward revisions of these contracts by our striped pants give-away artists, but I have been unable thus far to ascertain how much money, if any, actually has been recovered, and if the recovery is or will be retroactive for several years that this fleecing of the American taxpayers went on.

In addition, Members of this House will be interested to know that the various foreign dole programs, such as this one, included vast sums of American tax dollars for subscriptions to the European edition of the New York Herald Tribune at the rate last reported to me of almost 82,000,000 French francs a year; and to the European edition of the New York Times at the rate, last reported, of more than 86,000,000 French francs a year. I do not know how many dollars these millions of French francs represent, but it is nothing to sneeze at, that is certain. If there is anything worse than a gagged press, it is a bought or bribed press, whether directly or indirectly. Not to mention the alleged bilking the American taxpayers are getting as a result of foreign movies and other films and such projects dished out lavishly by our foreign spenders.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. CRAWFORD. Mr. Chairman, I offer an amendment, but I am unable to speak on the amendment at page 27, lines 18 through 25, and continuing on page 28, lines 1 through 3, which strikes out the International Finance Corporation.

Mr. JAVITS. Mr. Chairman, a point of order. I believe that amendment was included in the amendments offered by the gentleman from Iowa [Mr. GROSS] which have just been rejected by the committee.

The CHAIRMAN. It appears on examination of the amendment that it bears on a different proposition.

The question is on the amendment offered by the gentleman from Michigan [Mr. CRAWFORD].

The amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. HAYS].

(Mr. HAYS of Arkansas was given permission to extend his remarks at this point.)

[Mr. HAYS of Arkansas addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair has called the names of all Members on the list who indicated they intended to offer amendments or wanted time to speak. The two remaining are the gentleman from Massachusetts [Mr. McCORMACK]

and the gentleman from South Carolina [Mr. RICHARDS].

The Chair recognizes the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, before the Committee of the Whole concludes its deliberations and rises, and before we return to the House, I want to make a few observations in the hope that when we get into the House, the two amendments which will be voted upon, namely the two Vorys amendments, one reducing title I by \$615,000,000 and the other reducing title III by \$111,000,000 will be defeated. In connection with the threat to our security, as I see it, our job is:

(a) To prevent war; it is our duty to prevent the outbreak of war.

(b) To stop the Soviet Union through its aggressive actions from obtaining its goal sought without war, and that involves the policy of internal subversion by the Communists and also aggressive action through satellites.

(c) If war is forced upon us to make certain that our country and other free countries will win.

As I see it, all three of these factors are necessary in our strategy as it relates to the threat that faces us from international communism and the Soviet Union.

Some years ago in the well of this House I made a speech in which I said that the Soviet Union was using international communism as an ideological approach to win over country by country through internal subversion, and thereafter to follow its imperialistic policy of actually taking over the control of such countries, the ultimate country in mind being the United States of America. I think events that have occurred subsequent to the time I made that speech some 3 or 4 years ago confirm the judgment and the prediction I expressed on that occasion.

By an amendment we have just adopted we have taken away the very basis of the argument of my friend the gentleman from Ohio [Mr. VORYS] in offering his two amendments; to wit, that under the provisions of this bill and previous legislation there is an opportunity to transfer or interchange \$1,000,000,000 from War Department appropriations to mutual assistance. The Scrivner amendment, adopted by the Committee of the Whole only a few minutes ago, takes away the strength of that argument because that opportunity no longer exists.

Only yesterday we heard General Ridgway address a joint session of the Congress. In a few days he will go abroad to succeed General Eisenhower. He has a very serious task to perform, the same as General Eisenhower had when he received his NATO assignment. General Ridgway spoke to us only yesterday, and yet by our actions of yesterday and today we are limiting his ability to accomplish to the maximum extent possible that which we hope for and that which we desire.

It is only a few days ago that General Eisenhower sent communications to prominent Members of Congress urging the Congress not to make any reductions

beyond the \$1,000,000,000 already made by the Senate committee and as made by the House committee. General Eisenhower, in those communications, said that while it was dangerous to make the \$1,000,000,000 reduction, it would be far more so to make a larger reduction.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. RICHARDS. Mr. Chairman, I yield the gentleman from Massachusetts 1 minute of my time.

The CHAIRMAN. The gentleman from Massachusetts is recognized for one additional minute.

Mr. McCORMACK. I thank the gentleman from South Carolina.

Mr. Chairman, I quote another distinguished American gentleman from a reprint in Life magazine of May 19, 1952, in which he said:

There are a few Republicans and some Democrats who would turn their backs on all the world's problems and place the United States in some magically impregnable isolation. Such policies would really give 100-percent cooperation to the Soviet Communist effort to encircle and isolate us as a preliminary to a final assault once Asia, Europe, Africa, and probably South America were consolidated against us, which effort would be desperate.

The gentleman who made those remarks a few days ago is John Foster Dulles.

The CHAIRMAN. The gentleman from South Carolina is recognized for 4 minutes to close the debate.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. RICHARDS. I yield.

Mr. ZABLOCKI. Mr. Chairman, I ask unanimous consent to extend my remarks at that point in the RECORD where the amendment offered by the gentleman from Iowa [Mr. GROSS] was considered, my remarks to follow immediately after those of the gentleman from Montana [Mr. MANSFIELD].

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. RICHARDS. Mr. Chairman, before we take final action on this bill I want to call the attention of the Members to the issues involved and say that I expect to demand two roll call votes in addition to a roll call on passage of the bill.

The first roll call will be on the Vorys amendment which would strike \$615,300,000 from defense support in title I, and the second roll call will be on the Vorys amendment to title III which reduces the amount of \$408,000,000 down to \$296,800,000, a net cut of \$111,200,000.

Mr. Chairman, we have crossed the plains, we have gone up the incline and are nearing the top of the hill. Like the climbers of Mt. Everest who seek to reach the peak, we must realize that while the last stages of the climb are difficult, there is no place for men to stand like reeds bending in every wind that blows. We must realize that to turn back after reaching the final stages can only mean

the loss of the progress we have already attained.

The real issue before us is to decide what course is best for our country. I give full faith and credit to the honesty of purpose, the sincerity and patriotism of every man and woman in this House, and I have the fullest respect for the views of those with whom I have differed in voting on amendments offered to this bill today. This mutual security bill is so vital a measure that on our judgment today depends an issue that will affect not only our children, but our children's children and their grandchildren. We are all concerned and justly so, about the costs of the Mutual Security Program in terms of the strains they make on the economy and the stability of the United States, but, in weighing all the facts which confront us, I sincerely believe that when most of us search deep down in our hearts we will realize beyond doubt that this is a premium we must pay to insure the future of our children and our country.

Mr. DONOHUE. Mr. Chairman, I rise to question the practical wisdom of this proposal to so drastically reduce the moderate appropriation provision in this bill to sensibly assist the development of Israel and help solve the Arab refugee problem. I earnestly hope no tragic mistake will be made here today by any hasty action that could well result in diminishing the growing spirit of the courageous people of Israel and destroy any cooperative desire of the Arab States to work toward the establishment of permanent peace in the Middle East trouble zone.

The new state of Israel was founded upon the same fundamental principles of liberty and justice that originated our own national beginning. The leaders and people of Israel have demonstrated consistently courageous determination to erect a cornerstone of democratic example and strength, modeled on the great traditions of the United States, in a part of the world that is dynamic in potentiality to incite world conflict. Israel and the Arab neighbors need full assurance from us that we are most willing to reasonably aid them toward peaceful settlement of the gravely complex difficulties surrounding the birth and growth of any new cradle of freedom. Let us not forget we ourselves once knew the trying days when the withholding of the hand of genuine friendship and help might well have meant our death at birth. The amount of financial aid in this bill is reasonable; its vital need for the particular purpose has been proven. It is designed to give American confidence and encouragement to Israelis and Arabs to steadfastly work with us, and against the Communist enemy, to preserve and promote peace in a harassed world. I urge you, my colleagues, to carefully reflect and reject this untimely amendment.

The CHAIRMAN. All time has expired.

The question is on the committee amendment, as amended.

The committee amendment as amended was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes, pursuant to House Resolution 640, he reported the bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. RICHARDS. Mr. Speaker, I demand a separate vote on the Vorys amendment to title I and on the Vorys amendment to title III, involving amounts.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 14, line 1, after "and of", strike out "the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522)" and insert in lieu thereof "section 503 of this act."

On page 15, line 4, amend subsection (c) to read as follows:

"(c) Amend section 101 (a) (2) to read as follows: 'There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$1,022,000,000 to provide assistance to any country covered by paragraph (1) of this subsection in accordance with the provisions of section 503 of this act; and in addition balances of appropriations heretofore made pursuant to this paragraph unobligated as of June 30, 1952, or subsequently released from obligation, are authorized to be continued available for obligation for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.'

The SPEAKER. The question is on the amendment.

Mr. VORYS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 221, nays 137, not voting, 73, as follows:

[Roll No. 84]

YEAS—221

Abernethy	Bennett, Fla.	Cannon
Adair	Bennett, Mich.	Carrigg
Allen, Calif.	Bentsen	Chenoweth
Allen, La.	Berry	Chipperfield
Andersen,	Betts	Church
H. Carl	Bishop	Clevenger
Anderson, Calif.	Blackney	Cole, Kans.
Andresen,	Boggs, Del.	Cole, N. Y.
August H.	Bolton	Colmer
Andrews	Bow	Corbett
Angell	Bray	Cotton
Arends	Brehm	Crawford
Auchincloss	Brooks	Crumpacker
Ayres	Brown, Ohio	Curtis, Mo.
Baker	Brownson	Curtis, Nebr.
Barden	Budge	Davis, Ga.
Baring	Burdick	Davis, Tenn.
Bates, Mass.	Burleson	Davis, Wis.
Beall	Busbey	Denny
Beamer	Bush	Devereux
Belcher	Butler	Dolliver
Bender	Byrnes	Dondero

Donohue	Keating	Rogers, Colo.
Doughton	Kersten, Wis.	Rogers, Fla.
Eaton	Kilburn	Rogers, Mass.
Ellsworth	Kilday	Rogers, Tex.
Elston	King, Pa.	Ross
Evins	Lantaff	Sadlak
Fallon	Larcade	Saylor
Fenton	Latham	Schenck
Fisher	LeCompte	Schvnrer
Ford	Lovre	Seely-Brown
Frazier	Lucas	Shafer
Fulton	McConnell	Sheehan
Gamble	McCulloch	Short
Gathings	McDonough	Sikes
Gavin	McGregor	Simpson, Ill.
George	McIntire	Simpson, Pa.
Golden	McMillan	Sittler
Goodwin	McVey	Smith, Kans.
Gore	Mack, Wash.	Smith, Wis.
Graham	Mahon	Springer
Grant	Martin, Iowa	Stanley
Gross	Martin, Mass.	Steed
Gwinn	Mason	Stockman
Hagen	Meador	Sutton
Hall,	Morrow	Taylor
Edwin Arthur	Miller, Md.	Teague
Halleck	Miller, Nebr.	Thomas
Hand	Miller, N. Y.	Thompson,
Harden	Mills	Mich.
Harris	Morano	Tollefson
Harrison, Nebr.	Mumma	Vail
Harrison, Va.	Murray	Van Pelt
Harrison, Wyo.	Nicholson	Van Zandt
Harvey	Norblad	Velde
Hess	Norrell	Vorys
Hill	O'Brien, Mich.	Vursell
Hinshaw	O'Konski	Watts
Hoffman, Ill.	Osmer	Welch
Hoffman, Mich.	Passman	Wharton
Holmes	Patten	Whitten
Hope	Philbin	Widnall
Horan	Phillips	Wigglesworth
Hull	Pickett	Williams, Miss.
Ikard	Poage	Williams, N. Y.
James	Potter	Willis
Jarman	Prouty	Wilson, Ind.
Jonison	Radwan	Wilson, Tex.
Jenkins	Rankin	Winstead
Jensen	Reece, Tenn.	Withrow
Jonas	Reed, Ill.	Wolcott
Jones, Mo.	Reed, N. Y.	Wolverton
Jones,	Rees, Kans.	Wood, Ga.
Woodrow W.	Regan	
Kearns	Richman	

NAYS—137

Addonizio	Forand	Marshall
Anfuso	Forrester	Mitchell
Aspinall	Fugate	Morgan
Bailey	Furcolo	Morrison
Bakewell	Garmatz	Morton
Barrett	Gary	Multer
Bates, Ky.	Gordon	Murdoch
Battle	Granahan	Murphy
Blatnik	Granger	O'Brien, Ill.
Boggs, La.	Green	O'Brien, N. Y.
Bolling	Greenwood	O'Neill
Bosone	Gregory	Patman
Brown, Ga.	Hale	Perkins
Bryson	Hardy	Polk
Buchanan	Hart	Powell
Buckley	Hays, Ark.	Preston
Burnside	Hedrick	Price
Burton	Heffernan	Rabaut
Camp	Heller	Rains
Canfield	Heseltun	Ramsey
Carnahan	Howell	Rhodes
Case	Jackson, Wash.	Ribicoff
Celler	Javits	Richards
Chelf	Jones, Ala.	Riley
Chudoff	Judd	Rivers
Clemente	Karsten, Mo.	Roberts
Combs	Kean	Rodino
Cooley	Kee	Rooney
Cooper	Kelley, Pa.	Roosevelt
Cox	Kelly, N. Y.	Sasser
Crosser	Keogh	Scott,
Dawson	Kirwan	Hugh D., Jr.
DeGraffenried	Klein	Shelley
Delaney	Lane	Sieminski
Denton	Lanham	Smith, Miss.
Dingell	Lesinski	Smith, Va.
Dollinger	Lind	Spence
Donovan	Lyle	Staggers
Eberhart	McCarthy	Thompson, Tex.
Elliot	McCormack	Thornberry
Feighan	McGuire	Trimble
Fernandez	McMullen	Walter
Fine	Machrowicz	Wier
Flood	Madden	Yates
Fogarty	Magee	Yorty
	Mansfield	Zablocki

NOT VOTING—73

Aandahl	Hébert	Ostertag
Abbitt	Herlong	O'Toole
Albert	Herter	Patterson
Allen, Ill.	Hillings	Poulson
Armstrong	Hoeven	Priest
Beckworth	Hollifield	Reams
Bonner	Hunter	Redden
Boykin	Irving	Robeson
Bramblett	Jackson, Calif.	Sabath
Buffett	Johnson	St. George
Carlyle	Jones,	Scott, Hardie
Chatham	Hamilton C.	Scudder
Coudert	Kearney	Secrest
Cunningham	Kennedy	Sheppard
Dague	Kerr	Stigler
Deane	King, Calif.	Taber
Dempsey	Kluczynski	Tackett
D'Ewart	McGrath	Talle
Dorn	McKinnon	Vinson
Doyle	Mack, Ill.	Welch
Engle	Miller, Calif.	Werdel
Hall,	Morris	Wheeler
Leonard W.	Moulder	Wickersham
Havener	Nelson	Wood, Idaho
Hays, Ohio	O'Hara	Woodruff

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Leonard W. Hall for, with Mr. Hébert against.

Mr. Allen of Illinois for, with Mr. Miller of California against.

Mr. Dague for, with Mr. Moulder against.

Mr. Jackson of California for, with Mr. McGrath against.

Mr. Taber for, with Mr. King of California against.

Mr. Dorn for, with Mr. Deane against.

Mr. Secrest for, with Mr. Hollifield against.

Mr. Werdel for, with Mr. Havener against.

Mr. Ostertag for, with Mr. McKinnon against.

Mrs. St. George for, with Mr. Sheppard against.

Mr. O'Hara for, with Mr. O'Toole against.

Mr. Hoeven for, with Mr. Sabath against.

Mr. Coudert for, with Mr. Welch against.

Mr. Bramblett for, with Mr. Doyle against.

Mr. Wood of Idaho for, with Mr. Irving against.

Mr. Nelson for, with Mr. Stigler against.

Until further notice:

Mr. Aandahl with Mr. Hays of Ohio.

Mr. Armstrong with Mr. Chatham.

Mr. Buffett with Mr. Dempsey.

Mr. Cunningham with Mr. Engle.

Mr. D'Ewart with Mr. Priest.

Mr. Herter with Mr. Mack of Illinois.

Mr. Hillings with Mr. Kennedy.

Mr. Hunter with Mr. Herlong.

Mr. Johnson with Mr. Robeson.

Mr. Poulson with Mr. Albert.

Mr. Hardie Scott with Mr. Bonner.

Mr. Scudder with Mr. Vinson.

Mr. Talle with Mr. Tackett.

Mr. Woodruff with Mr. Wickersham.

Mr. JONES of Missouri changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. VORYS: Page 18, line 7, strike out "\$408,000,000" and insert in lieu thereof "\$208,800,000" and on page 18, line 8, after "subsection" insert "in accordance with the provisions of section 503 of this act and not to exceed \$88,000,000 to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of the act for international development (Public Law 535, 81st Cong.)."

Mr. RICHARDS. Mr. Speaker, on that I demand the yeas and nays. The yeas and nays were ordered.

The question was taken; and there were—yeas 192, nays 165, not voting 74, as follows:

[Roll No. 85]

YEAS—192

Abernethy	Flsher	O'Konski
Adair	Forrester	Passman
Allen, Calif.	Gathings	Patten
Allen, La.	Gavin	Perkins
Andersen,	George	Phillbin
H. Carl	Golden	Phillips
Anderson, Calif.	Goodwin	Pickett
Andresen,	Graham	Poage
August H.	Grant	Potter
Andrews	Gregory	Radwan
Angell	Gross	Rankin
Arends	Gwinn	Reece, Tenn.
Ayres	Hagen	Reed, Ill.
Baker	Halleck	Reed, N. Y.
Barden	Hand	Rees, Kans.
Baring	Harden	Regan
Bates, Mass.	Harris	Riley
Beamer	Harrison, Nebr.	Rivers
Belcher	Harrison, Va.	Roberts
Bender	Harrison, Wyo.	Rogers, Colo.
Bennett, Mich.	Harvey	Rogers, Fla.
Berry	Hess	Rogers, Mass.
Betts	Hill	Rogers, Tex.
Blshop	Hoffman, Ill.	Sadlak
Blackney	Hoffman, Mich.	Schenck
Boggs, Del.	Horan	Scrivner
Bolton	Hull	Shafer
Bow	Ikard	Sheehan
Brehm	James	Short
Brooks	Jenison	Simpson, Ill.
Brown, Ga.	Jenkins	Simpson, Pa.
Brown, Ohio	Jensen	Smith, Kans.
Bryson	Jonas	Smith, Va.
Budge	Jones, Ala.	Smith, Wis.
Burdick	Jones,	Springer
Burleson	Woodrow W.	Stanley
Busbey	Kilburn	Steed
Bush	Kilday	Stockman
Butler	Larcade	Sutton
Byrnes	Latham	Taylor
Camp	LeCompte	Teague
Carrigg	Lovre	Thomas
Chelf	Lucas	Thompson,
Chenoweth	Lyle	Mich.
Chiperfield	McConnell	Vail
Church	McCulloch	Van Pelt
Clevenger	McDonough	Van Zandt
Cole, Kans.	McGregor	Velde
Colmer	McMillan	Vorys
Corbett	McVey	Vursell
Cotton	Mack, Wash.	Watts
Cox	Mahon	Weichel
Crawford	Martin, Iowa	Wharton
Crumpacker	Martin, Mass.	Whitten
Curtis, Mo.	Mason	Williams, Miss.
Curtis, Nebr.	Meader	Williams, N. Y.
Davis, Ga.	Morrow	Willis
Davis, Wis.	Miller, Md.	Wilson, Ind.
Denny	Miller, Nebr.	Wilson, Tex.
Devereux	Miller, N. Y.	Winstead
Dolliver	Morton	Withrow
Dondero	Mumma	Wolcott
Doughton	Murray	Wolverton
Ellsworth	Nicholson	Wood, Ga.
Elston	Norblad	
Fenton	Norrell	

NAYS—165

Addonizio	Carnahan	Feighan
Anfuso	Case	Fernandez
Aspinall	Celler	Fine
Auchincloss	Chudoff	Flood
Bailey	Clemente	Fogarty
Bakewell	Cole, N. Y.	Forand
Barrett	Combs	Ford
Bates, Ky.	Cooley	Frazier
Battle	Cooper	Fugate
Beall	Crosser	Fulton
Bennett, Fla.	Davis, Tenn.	Furcolo
Bentsen	Dawson	Gamble
Blatnik	DeGraffenried	Garmatz
Boggs, La.	Delaney	Gary
Boiling	Denton	Gordon
Bosone	Dingell	Gore
Bray	Dollinger	Granahan
Brownson	Donohue	Granger
Buchanan	Donovan	Green
Buckley	Durham	Greenwood
Burnside	Eberhart	Hall,
Burton	Elliott	Edwin Arthur
Canfield	Evins	Hardy
Cannon	Fallon	Hart

Hays, Ark.	McCormack	Rhodes
Hedrick	McGuire	Ribicoff
Heffernan	McIntire	Richards
Heller	McMullen	Riehlman
Heseltun	Machrowicz	Rodino
Hlnshaw	Madden	Rooney
Holmes	Magee	Roosevelt
Hope	Mansfield	Ross
Howell	Marshall	Sasser
Jackson, Wash.	Mills	Saylor
Jarman	Mitchell	Scott,
Javits	Morano	Hugh D., Jr.
Jones, Mo.	Morgan	Seely-Brown
Judd	Morrison	Shelley
Karsten, Mo.	Multer	Sieminski
Kean	Murdock	Sikes
Kearns	Murphy	Sittler
Keating	O'Brien, Ill.	Smith, Miss.
Kee	O'Brien, Mich.	Spence
Kelley, Pa.	O'Brien, N. Y.	Staggers
Kelly, N. Y.	O'Neill	Thompson, Tex.
Keogh	Osmer	Thornberry
Kersten, Wis.	Patman	Tollefson
King, Pa.	Polk	Trimble
Kirwan	Powell	Walter
Klein	Preston	Widnall
Lane	Price	Wier
Lanham	Priest	Wigglesworth
Lantaff	Prouty	Yates
Leslinski	Rabaut	Yorty
Lind	Rains	Zablocki
McCarthy	Ramsay	

NOT VOTING—74

Aandahl	Hays, Ohio	Ostertag
Abbitt	Hébert	O'Toole
Albert	Herlong	Patterson
Allen, Ill.	Herter	Poulson
Armstrong	Hillings	Reams
Beckworth	Hoeven	Redden
Bonner	Hollifield	Robeson
Boykin	Hunter	Sabath
Bramblett	Irving	St. George
Buffett	Jackson, Calif.	Scott, Hardie
Carlyle	Johnson	Scudder
Chatham	Jones,	Secrest
Coudert	Hamilton C.	Sheppard
Cunningham	Kearney	Stigler
Dague	Kennedy	Taber
Deane	Kerr	Tackett
Dempsey	King, Calif.	Talle
D'Ewart	Kluczynski	Vinson
Dorn	McGrath	Welch
Doyle	McKinnon	Werdel
Eaton	Mack, Ill.	Wheeler
Engle	Miller, Calif.	Wickersham
Hale	Morris	Wood, Idaho
Hall,	Moulder	Woodruff
Leonard W.	Nelson	
Havener	O'Hara	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Taber for, with Mr. Hébert against.
Mr. Allen of Illinois for, with Mr. Miller of California against.

Mr. Dorn for, with Mr. Deane against.
Mr. Secrest for, with Mr. Hollifield against.
Mr. Engle for, with Mr. Herlong against.
Mr. Tackett for, with Mr. Moulder against.
Mr. Bonner for, with Mr. McGrath against.
Mr. Dague for, with Mr. King of California against.

Mr. Leonard W. Hall for, with Mr. Havenner against.

Mr. Jackson of California for, with Mr. McKinnon against.

Mr. Werdel for, with Mr. Sheppard against.
Mr. Ostertag for, with Mr. O'Toole against.
Mrs. St. George for, with Mr. Sabath against.

Mr. O'Hara for, with Mr. Welch against.
Mr. Hoeven for, with Mr. Doyle against.
Mr. Coudert for, with Mr. Irving against.
Mr. Bramblett for, with Mr. Stigler against.

Until further notice:

Mr. Armstrong with Mr. Kennedy.
Mr. Herter with Mr. Hayes of Ohio.
Mr. Buffett with Mr. Dempsey.
Mr. Patterson with Mr. Mack of Illinois.
Mr. Talle with Mr. Wickersham.
Mr. Wood of Idaho with Mr. Vinson.
Mr. Hillings with Mr. Morris.
Mr. Nelson with Mr. Kerr.

Mr. Woodruff with Mr. Robeson.
Mr. Cunningham with Mr. Redden.
Mr. D'Ewart with Mr. Wheeler.
Mr. Poulson with Mr. Chatham.
Mr. Eaton with Mr. Hamilton C. Jones.
Mr. Hardie Scott with Mr. Carlyle.
Mr. Hale with Mr. Boykin.
Mr. Scudder with Mr. Albert.
Mr. Hunter with Mr. Abbitt.
Mr. Kearney with Mr. Beckworth.
Mr. Johnson with Mr. Reams.

Mr. FALLON changed his vote from yea to nay.

Mr. BEALL changed his vote from nay to yea.

Mr. DONOHUE changed his vote from yea to nay.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the committee substitute as amended.

The committee substitute as amended was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. SMITH of Wisconsin. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. SMITH of Wisconsin. I am, Mr. Speaker.

The SPEAKER pro tempore. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. SMITH of Wisconsin moves to recommit the bill H. R. 7005 to the Committee on Foreign Affairs.

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. RICHARDS. Mr. Speaker, on the vote on final passage I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 245, nays 110, not voting, 76, as follows:

[Roll No. 86]

YEAS—245

Addonizio	Bryson	Crumpacker
Allen, Calif.	Buchanan	Curtis, Mo.
Anfuso	Buckley	Davis, Ga.
Angel	Burleson	Davis, Tenn.
Aspinall	Burnside	Dawson
Auchincloss	Burton	DeGraffenried
Ayres	Byrnes	Delaney
Balley	Camp	Denny
Bakewell	Canfield	Denton
Baring	Cannon	Devereux
Barrett	Carnahan	Dingell
Bates, Ky.	Carrigg	Dollinger
Bates, Mass.	Case	Donohue
Battle	Chelf	Donovan
Beall	Chiperfield	Doughton
Bender	Chudoff	Durham
Bennett, Fla.	Clemente	Eberhart
Bentsen	Cole, Kans.	Elliott
Blatnik	Cole, N. Y.	Ellsworth
Boggs, Del.	Combs	Evins
Boggs, La.	Cooley	Fallon
Boiling	Cooper	Feighan
Bolton	Corbett	Fenton
Bosone	Cotton	Fernandez
Brown, Ga.	Cox	Fine
Brownson	Crosser	Fisher

Flood	Kilburn	Prouty
Fogarty	Kilday	Rabaut
Forand	Kirwan	Radwan
Ford	Klein	Rains
Forrester	Lane	Ramsay
Frazier	Lanham	Rhodes
Fugate	Lantaff	Ribicoff
Fulton	Latham	Richards
Furcolo	LeCompte	Riehlman
Gamble	Lesinski	Riley
Garmatz	Lind	Rivers
Gary	Lucas	Roberts
Gathings	Lyle	Rodino
George	McCarthy	Rogers, Colo.
Goodwin	McConnell	Rogers, Fla.
Gordon	McCormack	Rogers, Mass.
Gore	McDonough	Rooney
Granahan	McGuire	Roosevelt
Granger	McMillan	Ross
Grant	McMullen	Sadiak
Green	Machrowicz	Sasser
Greenwood	Mack, Wash.	Saylor
Gregory	Madden	Scott,
Hall,	Magee	Hugh D., Jr.
Halleck	Mahon	Seely-Brown
Hardy	Mansfield	Shelley
Harris	Marshall	Sieminski
Harrison, Va.	Martin, Mass.	Sikes
Hart	Meader	Sittler
Hays, Ark.	Morrow	Smith, Miss.
Hedrick	Miller, Md.	Smith, Va.
Heffernan	Miller, N. Y.	Spence
Heller	Mills	Springer
Heslton	Mitchell	Staggers
Hinshaw	Morano	Steed
Holmes	Morgan	Taylor
Hope	Morrison	Teague
Howell	Morton	Thomas
Ikard	Multer	Thompson, Tex.
Jackson, Wash.	Murdock	Thornberry
James	Murphy	Tollefson
Jarman	Murray	Trimble
Javits	Norblad	Van Zandt
Jones, Ala.	Norrell	Vorys
Jones, Mo.	O'Brien, Ill.	Walter
Jones,	O'Brien, Mich.	Watts
Woodrow W.	O'Brien, N. Y.	Weichel
Judd	O'Neill	Widnall
Karsten, Mo.	Osmer	Wier
Kean	Patman	Wigglesworth
Keating	Perkins	Williams, N. Y.
Kee	Philbin	Willis
Kelley, Pa.	Poage	Wolverton
Kelly, N. Y.	Polk	Yates
Keogh	Preston	Yorty
Kersten, Wis.	Price	Zablocki
	Priest	

NAYS—110

Abernethy	Elston	Phillips
Adair	Gavin	Pickett
Allen, La.	Golden	Potter
Andersen,	Graham	Rankin
H. Carl	Gross	Reece, Tenn.
Anderson, Calif.	Gwinn	Reed, Ill.
Andresen,	Hagen	Reed, N. Y.
August H.	Hand	Rees, Kans.
Andrews	Harden	Regan
Arends	Harrison, Nebr.	Rogers, Tex.
Baker	Harrison, Wyo.	Schenck
Barden	Harvey	Scrivner
Beamer	Hess	Shafer
Beicher	Hill	Sheehan
Bennett, Mich.	Hoffman, Ill.	Short
Berry	Hoffman, Mich.	Simpson, Ill.
Betts	Horan	Simpson, Pa.
Bishop	Hull	Smith, Kans.
Blackney	Jenison	Smith, Wis.
Bow	Jenkins	Stanley
Bray	Jensen	Stockman
Brehm	Jonas	Sutton
Brooks	Kearns	Thompson,
Brown, Ohio	King, Pa.	Mich.
Budge	Larcade	Vail
Burdick	Lovre	Van Pelt
Busbey	McCulloch	Velde
Bush	McGregor	Vursell
Butler	McIntire	Wharton
Chenoweth	McVey	Whitten
Church	Martin, Iowa	Williams, Miss.
Clevenger	Mason	Wilson, Ind.
Colmer	Miller, Nebr.	Wilson, Tex.
Crawford	Mumma	Winstead
Curtis, Nebr.	Nicholson	Withrow
Davis, Wis.	O'Konski	Wolcott
Dolliver	Passman	Wood, Ga.
Dondero	Patten	

NOT VOTING—76

Aandahl	Beckworth	Carlyle
Abbitt	Bonner	Celler
Albert	Boykin	Chatham
Allen, Ill.	Bramblett	Coudert
Armstrong	Buffett	Cunningham

Dague	Jackson, Calif.	Powell
Deane	Johnson	Reams
Dempsey	Jones,	Redden
D'Ewart	Hamilton C.	Robeson
Dorn	Kearney	Sabath
Doyle	Kennedy	St. George
Eaton	Kerr	Scott, Hardie
Engle	King, Calif.	Scudder
Hale	Kluczynski	Secrest
Hall,	McGrath	Sheppard
Leonard W.	McKinnon	Stigler
Havener	Mack, Ill.	Taber
Hays, Ohio	Miller, Calif.	Tackett
Hébert	Morris	Talle
Herlong	Moulder	Vinson
Herter	Nelson	Welch
Hillings	O'Hara	Werdell
Hoeven	Ostertag	Wheeler
Hollifield	O'Toole	Wickersham
Hunter	Patterson	Wood, Idaho
Irving	Poulson	Woodruff

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Leonard W. Hall for, with Mr. Hoeven against.

Mr. Deane for, with Mr. Dorn against.

Mr. Hollifield for, with Mr. Secrest against.

Mr. Kearney for, with Mr. Werdell against.

Mr. Hays of Ohio for, with Mr. Bramblett against.

Mr. Herter for, with Mr. Allen of Illinois against.

Mr. Dague for, with Mr. Buffet against.

Mr. Coudert for, with Mr. Poulson against.

Mr. Hillings for, with Mr. Nelson against.

Mr. Kennedy for, with Mr. O'Hara against.

Mr. Jackson of California for, with Mr. Wood of Idaho against.

Mr. McKinnon for, with Mr. Taber against.

Mr. McGrath for, with Mrs. St. George against.

Mr. Doyle for, with Mr. Woodruff against.

Mr. Miller of California for, with Mr. Powell against.

Until further notice:

Mr. Armstrong with Mr. Reams.

Mr. Hunter with Mr. Vinson.

Mr. Aandahl with Mr. Wickersham.

Mr. Hale with Mr. Mack of Illinois.

Mr. Talle with Mr. Dempsey.

Mr. Scudder with Mr. Engle.

Mr. Eaton with Mr. Chatham.

Mr. Hardie Scott with Mr. Bonner.

Mr. D'Ewart with Mr. King of California.

Mr. Patterson with Mr. O'Toole.

Mr. Cunningham with Mr. Albert.

Mr. Ostertag with Mr. Havenner.

Mr. Johnson with Mr. Sheppard.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may extend their remarks in today's RECORD just before the vote on the committee amendment.

The SPEAKER pro tempore (Mr. WALTER). Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the bill H. R. 7005, just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

PRICE OF NEWSPRINT

(Mr. HARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HARRIS. Mr. Speaker, a number of the Members of this body have expressed concern this past week over the proposed \$10 a ton increase in the price of newsprint imported from Canada.

I wish to report to the Members that the Subcommittee on Newsprint of the Committee on Interstate and Foreign Commerce has been continuously in touch with the situation, has been in daily contact with the appropriate agencies involved. We will have a full review presented to our committee in a special-called meeting on next Monday.

Undoubtedly, the contemplated price increase will seriously affect the publishers in this country, and it is hoped some sort of remedial action will be forthcoming.

POLISH IMMIGRATION

(Mr. SIEMINSKI asked and was given permission to address the House for 1 minute, and to revise and extend his remarks and include a statement.)

Mr. SIEMINSKI. Mr. Speaker, I appreciate the opportunity given me at this time, by unanimous consent of the House to include testimony in the RECORD given this day on H. R. 7376 before Subcommittee No. 1 of the House Committee on the Judiciary.

The testimony was submitted on behalf of the Polish Immigration Committee of New York City, 25 St. Marks Place, by Mr. Henry M. Zaleski, vice president of the committee. I here express thanks to Mr. Wladyslaw Zachariasiewicz, executive secretary of the Polish Immigration Committee, who with Mr. Zaleski, journeyed to Washington for this noble cause, and who drew my attention to the testimony below cited. I trust their cause will succeed:

STATEMENT OF VICE PRESIDENT HENRY M. ZALESKI ON BEHALF OF THE POLISH IMMIGRATION COMMITTEE OF NEW YORK CITY, 25 ST. MARKS PLACE, NEW YORK, N. Y., BEFORE SUBCOMMITTEE NO. 1 OF THE HOUSE COMMITTEE ON THE JUDICIARY, RE H. R. 7376

It is indeed a privilege and an honor for me to have this opportunity to appear before your body, the Subcommittee of the Judiciary Committee of the House of Representatives to testify in support of the bill introduced by Congressman Emanuel Celler, H. R. 7376. The Polish Immigration Committee of New York under the able and splendid leadership of the Right Rev. Msgr. F. Burant, together with a group of Polish-American leaders of various organizations and societies, secured assurances for approximately 24,000 displaced persons, ex-Polish soldiers from Great Britain, and refugees under the Displaced Persons Act of 1948. From this number about 20,000 persons were resettled in the United States. We work in close cooperation with the War Relief Services, National Catholic Welfare Conference. We are recognized by the Department of State and the Displaced Persons Commission. We appear here today on behalf of Polish Displaced Persons, escapees, refugees and ex-Polish soldiers in Great Britain.

It is not our intention to review here the glorious and almost continuous fight of Po-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued May 27, 1952

For actions of May 26, 1952

82nd-2nd, No. 90

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate debated foreign-aid bill. Senate committee reported road authorizations bill. House discussed potato shortage.

SENATE

1. FOREIGN AID. Began debate on S. 3086, to authorize continuation of the Mutual Security Program (pp. 6025-52).
2. ROAD AUTHORIZATIONS. The Public Works Committee reported with amendments S. 2437, to authorize appropriations for the fiscal years 1954 and 1955 for roads, including forest highways and forest roads and trails (S. Rept. 1596)(p. 6020).
3. FORESTRY. The Interstate and Foreign Commerce Committee reported with amendments S. 2229, to authorize this Department to acquire, construct, operate, and maintain public airports, which are used in connection with forest-fire prevention, near national forests if land within such forests is not suitable for airports (S. Rept. 1598)(p. 6020).

HOUSE

1. EMERGENCY POWERS. Passed without amendment S. J. Res. 156, extending until June 15, 1952, certain emergency war powers (pp. 6060-1). The Judiciary Committee had ordered this measure reported earlier in the day (p. 5500).
2. PERSONNEL. The Post Office and Civil Service Committee reported without amendment H. R. 7806, to authorize certain Federal employees to attend, without loss of pay or annual leave, funerals for deceased members of Armed Forces returned to this country for burial (H. Rept. 1997) (p. 6096).
3. ANTHRAX; IMPORT CONTROL. Received a Wisconsin State Livestock Sanitation Committee resolution requesting the USDA to prevent importation of bones, bone meal, or bone meal products into this country as feed or fertilizer except when properly processed to kill anthrax spores (p. 6095).

7. CHEESE; IMPORT CONTROL. Rep. Eberharter spoke against Section 104 of the Defense Production Act, restricting imports of cheese, which he claimed will harm domestic agriculture more than it will help it (p. 6060).
8. POTATO SHORTAGE. Various members debated the present white potato shortage and the black market conditions in the potato industry. Rep. McIntire criticized the OPS price ceiling on potatoes as having been invoked with "undue haste" and without careful consideration. (pp. 6076-84.)

BILLS INTRODUCED

9. BUILDINGS. S. 3226, by Sen. Chavez, to amend section 302 of the Public Buildings Act of 1949 so as to increase the authorization for appropriations for carrying out the program for the renovation and improvement of federally owned buildings outside the District of Columbia from \$30,000,000 to \$60,000,000; to Public Works Committee (p. 6020-1).
10. HOLIDAY. H. R. 7992, by Rep. McDonough, to make Flag Day a legal public holiday; to Judiciary Committee (p. 6096).

ITEMS IN APPENDIX

11. PROGRESSIVE FARMER. Rep. Jones (Ala.) inserted a newspaper article praising the magazine Progressive Farmer as the "best, well-balanced, honest-to-goodness farm paper in the U. S." (pp. A3365-6).
12. CREDIT. Rep. Harvey inserted three editorials discussing the large number of Federal credit agencies which have arisen in emergencies and claiming that they have "tended to perpetuate and extend themselves" after the emergency period ended. The editorials recommended a gradual consolidation and liquidation of these agencies. (pp. A3371-2.)
13. FOREIGN AID. Sen. Moody inserted a New York Times editorial criticizing the House for slashing the mutual security bill, and urging the Senate to rectify this (pp. A3372-3).
14. PURCHASING; APPROPRIATIONS. Extension of remarks by Rep. Richards clarifying contract limitations of Federal employees under the General Appropriation Act, 1951, pointing out that contracts can only be made if authorized by an appropriation or a specific contract authorization in an appropriation (p. A3394).
15. FARM PROGRAM. Rep. Schoeppel inserted a Topeka Daily Capital article, "State GOP Farm Leaders Adopt Plank," which reported the formation of an agricultural council and the adoption of a 10-point program. One of these proposals is to shift "congressionally delegated policy-making powers over agriculture into the hands of a bipartisan board, rather than the Department of Agriculture." (pp. A3389-90.)
16. ST. LAWRENCE WATERWAY. Rep. Van Zandt inserted a labor journal editorial criticizing the methods being used to sell this project to the American people (p. A3390).
17. ELECTRIFICATION. Rep. Miller inserted a Pennsylvania State Chamber of Commerce letter endorsing the Capehart-Miller bill for the further development of hydroelectric power from the Niagara Falls and River by private enterprise (p. A3394).

the values which were involved, largely exceeded the acreage and values which are involved in our proposed quitclaim of the narrow belt of land and water immediately surrounding our maritime States and extending from the shore line out to the constitutional boundaries of the States.

Therefore, I ask unanimous consent that there be incorporated in the RECORD at this point, as a part of my remarks, an excerpt taken from an official publication, table 105, page 128, of the 1951 report of the Director of the Bureau of Land Management, Department of the Interior, a listing of the acreage granted to the States as of June 30, 1951, in which States there were located public lands of the United States which fell within the classification covered by and conveyed under the Swamp and Overflowed Lands Act.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

Acreage granted to States and Territories as of June 30, 1951, under Swamp and Overflowed Lands Act, approved by the President on Sept. 28, 1850

	For swamp reclamation
Alabama.....	441, 184
Arkansas.....	7, 688, 675
California.....	2, 192, 678
Florida.....	20, 324, 980
Illinois.....	1, 460, 184
Indiana.....	1, 259, 231
Iowa.....	1, 196, 392
Louisiana.....	9, 491, 865
Michigan.....	5, 680, 310
Minnesota.....	4, 706, 503
Mississippi.....	3, 347, 853
Missouri.....	3, 432, 481
Ohio.....	26, 372
Oregon.....	286, 108
Wisconsin.....	3, 360, 786
Total.....	64, 893, 482

From table 105, page 128, 1951 report of the Director of the Bureau of Land Management, Department of the Interior.

Mr. HOLLAND. Mr. President, in closing I wish to call attention to the fact that the compilation which I have placed in the RECORD shows that under the Swamp and Overflowed Lands Act the Congress found that it was sound public policy to grant to the States and did grant to the States in which the swamp and overflowed lands were located the immense acreage and the immense values which were embraced in that land, the acreage being 64,893,482 acres, or an acreage practically four times as great as the area involved in the submerged lands bill as passed by Congress and now before the President.

Incidentally, this grant under the Swamp and Overflowed Lands Act was made without a dissenting vote in the Senate, in spite of the fact that not one of the Original Thirteen States benefited under the act, and in spite of the fact that not one of the older States which were admitted to the Union in the early days, such as Vermont, Maine, Kentucky, and Tennessee were beneficiaries. It was done by the unanimous vote of the Senate.

Mr. LONG. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I am glad to yield to the distinguished Senator from Louisiana.

Mr. LONG. Does the Senator from Florida recall anyone describing that legislation as robbery in broad daylight?

Mr. HOLLAND. No; the Senator from Florida is glad to state, after having read the full record, that it appeared after numerous questions had been asked about the bill by Senators from States which did not benefit under it, that it was unanimously determined by the Senate that it was sound public policy to grant that great area to the States which were affected, because it was believed that quicker development and sounder administration would result from the passage of the act. That certainly has proved to be the case, because that great area now comprises some of the greatest tax values and some of the greatest production values to be found in our Nation.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. HOLLAND. I yield.

Mr. LONG. The junior Senator from Louisiana during the debate on the Alaska statehood bill pointed out that the administration witnesses and the Secretary of the Interior recommended giving to the proposed new State of Alaska, at its option and to be selected by it from this vast area, more acreage than is involved in the claims of the coastal States who are interested in the tidelands bill. Did the President describe it as robbery in broad daylight when it was proposed that the new State of Alaska be given even a greater acreage than that which would accrue to the three coastal States which are interested in the tidelands issue?

Mr. HOLLAND. No. The President of the United States was a strong advocate of granting statehood to Alaska, as the Senator from Florida understands, under the terms of the bill which was considered by the Senate a short time ago.

Mr. LONG. That bill would have given approximately 20,000,000 acres to Alaska, to be chosen at its option. Is that correct?

Mr. HOLLAND. That is correct.

Mr. LONG. It would also have permitted Alaska in the future to benefit from the Mineral Leasing Act, under which Alaska would have received about 37½ percent of the returns directly and also a share in the reclamation funds, to which the rest of the money would be devoted. Is that correct?

Mr. HOLLAND. The Senator is absolutely correct.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed, without amendment, the following bills and joint resolution of the Senate:

S. 1342. An act to amend acts relating to garagekeepers and liverymen's liens and the enforcement thereof in the District of Columbia, and for other purposes;

S. 1533. An act to designate a Floyd B. Olson Memorial Triangle in the District of Columbia, and to authorize the erection of a memorial plaque in such triangle;

S. 2871. An act relating to the manner of appointment of the Recorder of Deeds of the District of Columbia, the deputy recorders, and the employees of the Office of Recorder, and for other purposes;

S. 2735. An act to amend the act entitled "An act to provide for the recording and releasing of liens by entries on certificates of title for motor vehicles and trailers, and for other purposes," approved July 2, 1940, as amended;

S. 2736. An act to amend the Code of Law of the District of Columbia in respect to the recording, in the Office of the Recorder of Deeds, of bills of sale, mortgages, deeds of trust, and conditional sales of personal property, and for other purposes; and

S. J. Res. 156. Joint resolution to continue the effectiveness of certain statutory provisions until June 15, 1952.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 2786) to amend section 106 (c) of the Housing Act of 1949, and it was signed by the Vice President.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, May 26, 1952, he presented to the President of the United States the enrolled bill (S. 2786) to amend section 106 (c) of the Housing Act of 1949.

MUTUAL SECURITY ACT OF 1952

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business, which is S. 3086.

The Senate resumed the consideration of the bill (S. 3086) to amend the Mutual Security Act of 1951, and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Idaho [Mr. WELKER], for himself and other Senators.

Mr. CONNALLY obtained the floor.

Mr. McFARLAND. Mr. President, will the Senator from Texas yield so that I may suggest the absence of a quorum, without his losing the floor?

Mr. CONNALLY. With that understanding I will yield.

Mr. McFARLAND. Mr. President, first I should like to make an announcement. It is expected that the Senate will work long hours every day this week when there is a session. There will be no evening session today, but the Senate will continue its work until 6 or 6:30 this evening. Tomorrow there may be an evening session, as well as on Wednesday; and on Thursday it is expected that the Senate will convene at 10 o'clock. I hope that Senators will not ask permission to hold committee meetings on Thursday. It has been announced that there will be no session on Friday, because it is Memorial Day. So we must make up that time by working longer hours on the intervening days.

Mr. President, I now suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McFARLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded, and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER (Mr. GILLETTE in the chair). Without objection, it is so ordered.

Mr. CONNALLY. Mr. President, I am very much pleased that finally we have reached consideration of the mutual-security bill, which is of so much importance, not alone to our own security but also to the security of the free world, especially the portion of it located in Europe.

This is probably the last major bill I shall be called upon to present to the Senate on behalf of the Foreign Relations Committee. I desire to take this opportunity to express my very deep appreciation to the members of that committee for the fine spirit of cooperation they have always shown. I have the utmost confidence in their patriotism and their ability. At the same time, I want to thank the Members of the Senate who have consistently supported the committee in approving the recommendations submitted by it.

Mr. President, I am proud of the bipartisan record of the Foreign Relations Committee. While our membership is made up of seven Democrats and six Republicans, in our deliberations we have always done our best to act in the national interest.

During the past decade our committee has considered many measures of vital importance to the security and prosperity of our country and to the cause of world peace. It is a source of great satisfaction to me that in almost every instance we have reconciled our differences and have come to the Senate floor with a united front.

COMMITTEE VOTED 12-0

It is with such a united front that we come to the floor now with the Mutual Security Act of 1952. The bill which I present was reported favorably by the Foreign Relations Committee by a vote of 12 to 0—representing the crystallized opinion, the patriotism, and the earnest concern for the welfare of and the security of the United States and for the security of Western Europe.

This program was approved by the Senate last year by the emphatic vote of 61 to 5. The pending bill simply provides for continuation of the same program during the 1953 fiscal year, with a few minor administrative changes which are fully explained in the report, and which I shall not discuss now; but I hope Senators will freely consult the committee report with respect to this bill.

Mr. President, before presenting the bill to the Senate I want to make one important point with respect to our foreign policy. We must never forget that what we do here is of decisive importance to the cause of world peace. We are not simply an isolated nation; we are the world's leader in behalf of peace and democracy and freedom throughout

the world. We know that without our strong leadership and our vigorous participation the rest of the free world would find it impossible to organize its strength effectively against the threat of communist aggression. Our failure to act decisively might mean that peace would slip from our grasp and the lights of civilization would go out again for a long, long time, and bring about another Dark Age, similar to that which preceded the Middle Ages.

UNITED STATES POSITION OF LEADERSHIP

Sometimes I think we in this country fail to understand how important our leadership is to the free world. The fact is that from a military, economic or political point of view, no other nation or group of nations is in a position to take the lead. If we do not take the lead no one else will. No one else can.

Nor do we know exactly how much time we have in the all-important task of building the collective strength of the free world. There are those among us who would gamble with our Nation's destiny and urge us to conserve our resources and take our time. But those who take this attitude must realize that what we confront is the question of survival itself. Unless we respond to that challenge with vigor and determination it may be too late. A policy of timidity is a prelude to disaster.

This bill follows the same general outline as the bill which the Senate last year passed so overwhelmingly. It provides a total of \$6,900,000,000 for military, economic, and technical assistance to our allies throughout the world.

That is in accordance with the recommendations of the committee. The original request was for \$7,900,000,000. The Committee on Foreign Relations reduced it to \$6,900,000,000. The total is \$1,000,000,000 less than the administration requested, and \$400,000,000 less than was appropriated last year.

As was the case last year, the great preponderance of the money in this year's bill is for our European partners in the North Atlantic Treaty Organization. Most of the remainder is for military and economic assistance to Formosa and Indochina and the countries of South Asia and the Near East.

The Indochina program, which accounts for most of the increase over the amount authorized last year for Asia and the Pacific, is particularly important in view of its relationship to the very sizeable French contribution to NATO. The French have suffered more casualties killed in Indochina than the United States has in Korea. If France could liquidate her commitment in Indochina, the whole position of Western Europe would be strengthened immeasurably.

There is a relatively small amount in the bill for military assistance to our good neighbors of Latin America to enable them in event of war to take over in this hemisphere defensive duties which were performed by United States troops in World War II. There are also authorizations for relief, resettlement, and economic assistance in the Near East, and for point 4 programs of technical assistance in Asia, the Near East, Africa,

and Latin America. Slow-working and at times undramatic, these point 4 programs over a period of years promise lasting results for the permanent benefit of the underdeveloped countries concerned and of the United States as well.

All these programs are fully explained in the committee report, which I hope Senators will study carefully. They are widely divergent in nature, but they have one common overriding purpose, namely, building the mutual security of the free world.

LONG HEARINGS HELD

After the request was submitted to Congress, the Foreign Relations Committee held hearings almost daily, and sometimes all day, at which the most searching, detailed questions were asked of the representatives of the Defense Department, the Mutual Security Agency, and the State Department.

The committee also heard every other witness who asked to testify.

At this point I may say that later on there was some complaint that we gave more time to the proponents than to the opponents. That is natural in all cases. But, Mr. President, we heard every witness who opposed the measure and who asked to be heard. We gave them all an opportunity to lay their views before the committee.

A number of additional witnesses, who did not desire to appear in person, filed statements which were made a part of the record and which were considered by the committee.

ECONOMY VERSUS SECURITY

When the committee came to mark up the bill, it was confronted with a painful dilemma, namely, how to balance the requirements of our national security abroad with the stability of our economy at home. In a number of executive sessions, at which a great deal of honest soul-searching went on, the committee tried to take a balanced view which would place in proper perspective all the elements of the complicated and difficult situation in which we find ourselves. On the one hand, we had to consider the importance of allies who are strong militarily and economically and who have stable political institutions. On the other hand, we had to consider the importance, not only to ourselves but also to our allies, of the economic strength and stability of the United States. As our allies are important to us, so are we important to them; and if the American economy goes to pot, most of the world will go to pot with it.

Let me make this point in still another fashion. Our national existence as a free country is threatened today in two very specific ways. In the first place, we confront disaster if we allow our allies to remain weak, for weakness invites aggression, and aggression, under present circumstances, may bring total war in its wake. I repeat what I have said before on the floor of the Senate that the only hope of avoiding war is to strengthen the military posture of the free world so that negotiations with the Soviet Union can be conducted on a basis of equality or even on a basis of superiority.

Yet in this quest for strength we run the risk—if we are imprudent and foolhardy—of becoming infinitely weaker. I am convinced that the Soviet Union would like nothing better than for the United States to spend itself into bankruptcy. But let me say to the men in the Kremlin, Mr. President, that this is an ephemeral hope. Indeed, their recent actions clearly indicate that the Russians are far more alarmed over the growing strength in Western Europe than they are encouraged by the deficit in our national budget.

COMMITTEE CUT BILLION

So, Mr. President, weighing as best we could all the undesirable alternatives which presented themselves, I believe we brought forth the best compromise possible between the two horns of the dilemma on which we struggled. We cut the program by \$1,000,000,000—distributed pro rata among all the items involved—and we gave the President the flexibility to transfer up to 10 percent of the funds between purposes within titles, or between titles for the same general purpose.

In other words, Mr. President, in order to make the program flexible and workable and to enable it to meet changing times and conditions, in reducing the authorization by \$1,000,000,000 we not only pro rated that cut among all sections of the bill, but we made further provision that 10 percent could be transferred from one purpose to another within the respective titles. We also provided for a transfer up to 10 percent from one title to another title, so long as it was for the same general type of assistance.

The committee considered cutting the bill item by item, but it decided against this procedure because greater unanimity could be obtained for a blanket, horizontal reduction than for specific cuts in individual items. We were also impressed with the need for giving the administration the power to exercise the greatest possible flexibility.

A billion dollars is no insignificant saving.

GREATER CUTS ARE RISKY

At the same time, the committee believes that the reduction will not critically interfere with the mutual security program. None of us would want to take any action which would impair the progress that has already been made.

The 10-percent transferability provision which the committee approved should enable the President to meet changes in the world situation which cannot now be foreseen.

The committee was reluctant to cut the program as much as a billion dollars. It did so only under the compulsion of our own deteriorating fiscal situation. Secretary Lovett testified that even the \$7,900,000,000 recommended by the administration was "very close to an imprudent figure on the low side." The committee took the responsibility for reducing this to \$6,900,000,000, but it cannot in all good conscience go beyond that. That is as far as the committee believes a cut should go. It believes that any further cut would impair the security of the

United States. Three members of the committee voted against going even that far although they voted to report the bill favorably.

GENERAL EISENHOWER'S VIEWS

After the Foreign Relations Committee completed its work on the bill, I sent General Eisenhower a cable asking his comment on the effect of proposed further reduction. I shall quote what General Eisenhower said. He expresses not merely an individual view. He speaks with authority; he speaks from his experience in Europe; he speaks from the responsibility that has been his in guiding the NATO program and making it effective on behalf of the security of the United States and the security of Western Europe against an attack by the Kremlin or any of its satellites. Here is what General Eisenhower said:

An aggregate reduction of the order of a billion dollars would be heavily and seriously felt. Any cut materially greater than this would create such difficulties that a drastic revision of the whole program might well be indicated and might therefore endanger the proposed military build-up now visualized, and which I consider essential in the interest of United States security.

Who knows better than does General Eisenhower? As he is in Europe and in touch with NATO, does he not know more about the situation than does some politician making a speech in South Dakota? Who knows the most about the military situation—a trained soldier with a distinguished record, or some candidate for office?

No, Mr. President, General Eisenhower said that a cut greater than a billion dollars would create such difficulties that a drastic revision of the whole program might be well indicated and might endanger the proposed military build-up. General Eisenhower opposes a further reduction not solely in the interest of Western Europe, not in the interest of foreign security alone, Mr. President, but in the interest of the security of the United States. Our security and the security of the rest of the free world are so intertwined and intermingled that they almost approach a single unit.

The attainment of our ultimate aim of security and peace, General Eisenhower continued, will become more expensive if it is unnecessarily postponed, dragged out and delayed.

General Eisenhower is on the ground, he has been living with this problem, and his views deserve our attention. His message further serves to strengthen the nonpartisan spirit in which members of both parties on the Foreign Relations Committee have approached this matter.

ARMED SERVICES COMMITTEE ACTION

Mr. President, when the bill was reported from the Foreign Relations Committee, the Senate referred it to the Armed Services Committee for additional hearings and study. That committee heard additional testimony and deliberated further on the matter, with the result that it confirmed the previous action of the Foreign Relations Committee.

The Armed Services Committee adopted the attitude of the Committee on Foreign Relations and recommended that the bill be passed without amendment.

So the bill is now before the Senate for the second time. It is here by a 12-0 recommendation of the Foreign Relations Committee, backed up by the Armed Services Committee. It is here with the endorsement of General Eisenhower and of Mr. Harriman. It has the support, as expressed by their votes in committee, of the distinguished senior Senator from Connecticut [Mr. McMAHON], the distinguished junior Senator from Georgia [Mr. RUSSELL], and the distinguished junior Senator from Tennessee [Mr. KEFAUVER].

That is a really impressive display of unanimity and nonpartisanship, especially in such a highly contentious year as is 1952. It is a particularly emphatic tribute to the soundness of the Mutual Security Program, and to the popular support for that program.

THIS IS NOT "FOREIGN AID"

Let me emphasize the term, "mutual security," Mr. President. This measure cannot properly be termed a "foreign aid" bill. It is founded on the concept that the security of any part of the free world is intimately related to the security of all other parts.

It is based on the theory that by helping our allies to become strong and to remain free, we are helping ourselves.

In the vote on the Mutual Security bill last year and in other votes during the past 5 years in favor of such measures as the Greek-Turkish aid program, the European recovery program, and the North Atlantic Treaty, the Senate has demonstrated its firm devotion to the principle of collective security and to the proposition that the national interests of the United States require strong, free, and effective allies in Europe, in Africa, in the Near East, in Asia, and, of course, in Latin America. I do not think that point requires further argument, but I should like to comment briefly on the nonsense I have heard lately about "foreign give-away" programs.

This kind of talk is a straw man set up by people who cannot see beyond the shores of the United States. It raises a dangerously false issue. Everybody knows, Mr. President, that a real give-away program of anything approaching this magnitude could not command a single vote in the Senate.

We have had some experience with programs which might inelegantly be termed "give-away." We are all familiar with the straight relief bills which most of us have voted for at one time or another, whether they were for the relief of famine abroad or for the relief of flood victims in our own Middle West.

But, Mr. President, this bill is no more a give-away program than is the appropriation bill for the Defense Department. This bill is an effort to remove the need for "give-away" relief bills. It is an effort to help other people to help themselves so that they will not need give-

aways. Above all, this bill is an investment in American security.

As such, it is justified only if previous investments of the same kind have yielded appreciable dividends. Personally, I could not support this bill if the Mutual Security program had not produced concrete, tangible results. Let us see what these results have been.

RESULTS OF PROGRAM SO FAR

One year ago in Western Europe there were less than 15 divisions adequately trained and equipped for combat and fewer than 1,000 operational aircraft. Further, there was no over-all command structure available for the forces that did exist. I wish I could give the Senate exact figures, but I cannot do that without giving them to the Kremlin at the same time.

Today, the combat-ready ground forces have nearly doubled, the air forces have significantly increased, and there is a functioning international command structure. There are also agreed-to plans to increase the ground forces to 50 divisions and the air forces to 4,000 planes by the end of this year, with an accompanying increase in naval strength.

Within the past year, we have brought into the North Atlantic Treaty Organization the strength of Greece and Turkey, the Senate approving that action by a vote of 73 to 2. Practically unanimously the Senate voted to bring Greece and Turkey into this system. Is it not to our interest to aid them in building up their strength as a bulwark against evil and malicious invasion from Soviet Russia or its satellites?

Negotiations have been started, and I hope are near completion, for the so-called European Defense Community, an arrangement which will make possible the effective utilization of German manpower and resources in the joint defense of Western Europe against aggression.

Mr. President, even now the European defense community in Europe is signing treaties looking to the formation of a European army to resist aggression from the Kremlin or any of its satellites. This morning, in Europe, the foreign Ministers of Great Britain, the United States, France, and Western Germany have signed the contract of alliance which will admit Germany into the Western World. Prime Minister Adenauer publicly gives assurance that Western Germany will be allied with the Western European forces, and will assist in maintaining their safety and security and in resisting invasion and aggression by the Kremlin or any of its satellites.

It is difficult to exaggerate the importance and significance of this step, and provision has been made in the bill for assistance to that organization when it comes into being. That is the European defense community, which seeks European nations as members. This progress has been possible only because the members of NATO have been pulling together. NATO is a one for all and all for one proposition. We quite properly demand the utmost of the countries that are in NATO with us. The Foreign Relations Committee has been most insistent that the representatives of the ex-

ecutive branch of the Government constantly impress this self-help principle upon our allies. I have myself on occasion expressed my dissatisfaction with the effort which some of our allies were making.

But, Mr. President, the record shows that on the whole the countries of Western Europe have responded to the threat of Communist aggression vigorously and promptly within the limits of their capabilities. Their defense expenditures have doubled since 1949, and their military production has nearly quadrupled. All of them have increased their terms of compulsory military service.

LISBON AGREEMENTS

Their capabilities and their plans were studied in minute detail over a period of months by the Temporary Council Committee of NATO, which was headed by Averell Harriman. The TCC made recommendations which were agreed to at the Lisbon meeting of the North Atlantic Council in February.

The Lisbon agreements are important, Mr. President. It is these agreements which provide for raising by the end of this year the 50 divisions and the 4,000 aircraft to which I referred. The funds in this bill for Europe are based on these agreements. The military assistance funds are calculated to provide equipment for the forces at the time the forces are ready for the equipment. If the equipment cannot be delivered from the United States in accordance with the prearranged schedule, the forces that are raised in Europe will be inadequately armed and not fully combat-worthy. The incentive of the countries of Europe to raise additional forces will be decreased; for why should they call up men to be armed with broomsticks?

On the other hand, if for any reason the forces that are scheduled to be raised in Europe are not raised, we are under no commitment to follow through on supplying the equipment. We retain complete control until the equipment is actually in the hands of the units which will use it. General Gruenther, Chief of Staff, NATO, told the committee that there is now in effect "a procedure aimed at assuring that the deliveries of military equipment from the United States for the purpose of bringing units to a full state of combat effectiveness will be made only to such units as have reached combat effectiveness except for this equipment."

The defense support funds are also geared to the Lisbon agreements. They are calculated to increase military production in Europe to the maximum economically possible.

It is only as the countries of Europe become able to produce their own weapons, Mr. President, that we can expect to reduce our own expenditures for purely military assistance to them. If we make drastic cuts in these defense support funds, we will run the risk that the huge military assistance program will continue indefinitely.

HOW DEFENSE SUPPORT WORKS

In his cable from which I have already quoted, General Eisenhower said:

Reductions in defense support would have a peculiarly adverse effect, since available production facilities in Europe could not be

put to use for lack of a critical fraction of their raw materials and other requirements.

That is for the purpose of encouraging them to provide their own equipment if they can secure the raw materials, and the testimony is that it would be quite a bit cheaper than if it were produced in the United States.

Let me give some examples of how defense support works. By supplying \$1,000,000 worth of essential parts, we enable the Dutch to produce \$5,300,000 worth of locomotives. By supplying \$2,000,000 worth of mining machinery, we enable the Norwegians to increase their iron-ore production by \$7,500,000 a year. With \$30,000 worth of American equipment, the Norwegians are also building a plant which will turn out more than half a million dollars worth of glycerine a year, all of it earmarked for explosives. For a little more than \$2,000,000 worth of machine tools we helped to bring about a \$60,000,000-a-year increase in jet aircraft engine production in two factories in Great Britain. Production in the 2 plants in question rose from 115 engines a month to 235.

When we demand that our allies do their share, we must remember that they have a right to expect the same thing of us. We cannot ask them to make the sacrifices they are making unless we ourselves are willing to play our full part. If the United States were to withdraw from this program, or to go about it in a half-hearted way, the results in Western Europe would be nothing short of devastating.

GETTING THE MOST FOR OUR MONEY

It is demonstrably in the interest of the United States that we do play our full part in NATO. It has become a truism that the defense of Western Europe is vital to the defense of the United States. The question is, How can the defense of Western Europe be best achieved?

Although Western Europe is vital to the United States, it cannot be defended by the United States alone, nor can aggression be repelled by the United States alone. The defense of Western Europe, as General Eisenhower has well said, must come from within. But by a relatively modest expenditure, the United States can help strengthen that defense and make it effective.

Except for administrative costs, which are less than 1 percent, every dollar of the European military assistance money is spent for military equipment that men can use to fight with. The defense support funds make possible the production of equipment worth on the average two or three times as much as the original investment.

The United States Army, Mr. President, is the most expensive in the world, not only because of the costly equipment it uses, but also because its pay scales and living standards are by far the highest in the world. We recently passed a bill in the Senate raising the pay of a private in the Army from \$75 to \$77.25 a month. A private in the Turkish Army gets 21 cents a month—about as much in a year as an American soldier gets in a day.

A high proportion of our own defense appropriations goes for the pay and al-

lowances, the food, clothing, and quarters of our own troops—and on a scale that can only be described as lavish when compared to any other country in the world. I am not complaining about our own expenditures for these things. The American people demand it, and the American soldier deserves it. I am only trying to point out how much further the defense dollar abroad goes than it goes in the United States. It is infinitely cheaper to arm Europeans than it is to arm Americans.

But there is a good deal more to this than cold dollars and cents. I agree with the statement to the committee of Mr. Harriman, as follows:

I do not believe that we should reserve to the young men of this country the exclusive privilege of fighting for freedom. They are entitled to have well-equipped allies.

MUTUAL SECURITY PREVENTS WAR

Mr. President, I have said many times that I do not believe war is inevitable. I will say now that I do not believe it is likely in the foreseeable future. The main reason I think it is unlikely is the growing strength of ourselves and our allies. The Mutual Security Program is the means by which this strength grows. As such, it is the best preventive of war that I know. Compared to the terrible costs of another great world war, it would be cheap at twenty times the price.

Mr. President, this is one of those moments in history when great events will not wait.

We have made a good beginning in building collective defense. We are on the right track, and we are gaining momentum. We cannot stand still. With the relatively modest expenditure authorized in this bill, we can go forward, with increasing speed, toward the day when world peace will be a reality and not merely a dream. If we hesitate now, we lose the headway we have already made and we pull the props out from under the structure of collective security on which we have already spent so much time and effort.

We are not only anxious to preserve the freedom and the destiny of Western Europe and the free world, but we are determined to preserve the freedom and the destiny of the United States. We want to help build up in Western Europe a fortress so strong that no vicious and false propaganda can ever find a solid foothold in that area—a fortress which no hostile arms can ever penetrate. We want the free world to be strong enough to protect itself from the evil, malicious, and destructive doctrines and the armed forces that might seek to enslave it.

Mr. President, inasmuch as I prepared my remarks on the Mutual Security Program before the House of Representatives took final action on its bill last Friday, I should like to add one or two comments at this time.

First of all, let me say that I do not intend to be critical of any action taken by the House. In our bicameral legislature each House is in a sense independent within its own jurisdiction and has a right to its own convictions. Nevertheless, the House cut of 22 percent from the

original proposal is so serious that I cannot let it pass without comment.

Mr. President, I remind the Senate of the long and painstaking study which our committee gave the mutual security bill. I remind the Senate that the Armed Services Committee approved our recommendations. I remind the Senate, too, of General Eisenhower's warning that further cuts might jeopardize the build-up of our collective strength in the free world.

The cut approved by the House has been made despite the unanimous recommendations of those who are charged with the principal responsibility for our security. I refer to the Joint Chiefs of Staff. Are they concerned with any other interest than the security of the United States? The Joint Chiefs of Staff, great military and naval experts, are for the program as it is now, not for their own self-promotion, but for the security of the United States. The Joint Chiefs of Staff and the President cannot hide their heads in the sand and hope that danger will cease to threaten.

I agree completely with those who argue for economy. But I insist that we cannot afford the kind of economy which puts American security in jeopardy and endangers the conditions of our way of life. Where is there any economy in cutting temporarily a large amount from the bill, with the probable result being a war, which would be a war that would cost 10 or perhaps even a hundred times as much in expenditures as could possibly be saved by an amendment to this bill?

Mr. President, I cannot understand how responsible Members of this body can fly in the face of the facts we see unfolding day by day: Soviet actions in Berlin; Soviet threats to Iran; Communist build-up in Eastern Germany; French commercial aircraft fired on. What do headlines like that mean? Do they mean nothing?

Mr. President, I am convinced that we are making real progress toward our goal in building up the collective defense of the free world.

EXPENSIVE ECONOMY

Mr. President, much is said about economy. I am for economy, but I am for economy with some sense to it. I am for economy on an intelligent basis. I am for economy which is practical and realistic. To those who are so wedded to economy I may say that the way to get real economy is to defeat the bill entirely, and provide no money at all to the mutual security plan. If they do that they will be able to strut their stuff before their constituents and say, "I saved \$6,000,000,000, although the world may go to hell."

Mr. MOODY. Mr. President, will the distinguished Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. MOODY. Is it not correct to say that if we should practice so-called economy in that way, the result would be, should there be a strike made by Red Russia, in the face of our failure to build up the NATO forces in Europe, that American boys would have to go over there to fight or might be assigned

to go over there to fight, instead of the men of Western Europe carrying guns in defense of their own countries?

Mr. CONNALLY. I thank the Senator from Michigan for his contribution. I am sure he is correct.

Mr. President, we are trying to have ourselves and our allies act in cooperation to protect the free world. I can only say to Senators who want to economize further on this bill, "If you want real economy, if you want to save taxpayers' money, do not vote for anything for mutual security. Then you can go home and make Fourth of July speeches and beat your breast, while war breaks out yonder in the world and while the free world is being overrun by Communists and by totalitarianism, and by the worst tyranny that has ever cursed this earth since the days of the Roman despots."

No, Mr. President; we are not for that sort of arrangement. I cannot understand how responsible men can fly in the face of the facts. I am convinced that we are making real progress.

I want to say to the Senate that those who are seeking to cut radically this program, those who are against this program, are not reflecting the views of the American people.

EDITORIAL OPINION

I invite the attention of the Senate to an editorial which appeared in the New York Times. It is headed: "Slash in Foreign Aid."

That is what it is, Mr. President. It is a slash. It is not a delicate little trimming. It is not a graceful little rearrangement. It is a slash. It is chopping it to pieces.

Mr. President, I read from the New York Times editorial:

In disregard of the solemn warnings of every informed official—

That is what the New York Times thinks. The New York Times is the greatest newspaper in the United States. It is a newspaper of world-wide prestige, whose opinions carry to every place in which English is read. The New York Times says:

In disregard of the solemn warnings of every informed official, including General Eisenhower, the House has meat-axed the mutual security bill—

Mr. President, you have been in butcher shops. You know the kind of weapons used in butcher shops with which dead carcasses are operated on. They have nice, sharp knives, with which they trim out the desirable parts of the meat. Then they have a great, ponderous meat ax, with which what remains of the carcass is chopped to pieces. In another body the bill has been meat-axed. That is what the New York Times says about it.

Let us see what else the New York Times says—

meat-axed the mutual security bill with a slash of almost \$1,750,000,000 in an unreasoning—

That is what the New York Times thinks about it; it is unreasoning—unreasonable and futile gesture toward "economy."

It is merely a gesture. That is what the Times thinks about it. That is what the Times thinks of those who are hollering for economy, forgetting the peril to our institutions, forgetting the danger to every country, forgetting the danger to the lives of our sons, who must defend this Nation, as they have always defended it successfully.

CUTS IGNORE THE DANGER

The lives of our people are involved in this bill. They are not going to surrender. They are not going to be deluded by this false claim of economy.

I say to Senators who loudly proclaim their desire for economy in connection with this bill, "Cut it all out; do not give mutual security a dime." Some say, "We want economy; to hell with the possibility of war. We want economy; the Devil be darned as to our security. We want economy; disband your armies; sink your warships. We are for economy. We are going to have it, regardless of what the result may be."

Mr. President, what else does the New York Times say? I ask unanimous consent to have the entire editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SLASH IN FOREIGN AID

In disregard of the solemn warnings of every informed official including General Eisenhower, the House has meat-axed the mutual security bill with a slash of almost one and three-quarter billion dollars in an unreasonable and futile gesture toward "economy." Spearheading this action were Republicans led by the Taft forces and supported by many Democrats, while the rest of the House apparently floundered around without any effective leadership whatsoever.

The result is that the total 1953 authorization for foreign aid as passed by the House is less than \$6,200,000,000, in contrast to the President's request of \$7,900,000,000. The House's own Committee on Foreign Affairs, which at least had the opportunity to make a relatively close study of the problem had proposed a billion-dollar slash. That was serious enough; but the additional hacking away at this measure on the floor of the House can have only disastrous effects on the military build-up of our Western European allies, as the Deputy Director for Mutual Security has explained.

The bulk of the cut made on the floor under direction of Representative VOYTS of Ohio was in funds for "defense support," meaning the economic assistance to Western Europe necessitated by the rearmament program. It is economic nonsense to suppose that we are saving money by this kind of budget-cutting. For every dollar we save in this manner, we will ultimately have to spend two or three to get the kind of military defense the free world must have against the Communist threat.

How can we expect our European allies, with standards of living enormously below that of the United States, to live up even to the commitments they have already made if we go through with such far-reaching reductions in our own budgets?

This newspaper is in favor of real economy. We are not of the opinion that Presidential recommendations must be accepted in toto. We think there has been waste and that considerable savings in both our military and nonmilitary expenditures can doubtless be made. We believe that Congress must exercise close control over the power of the purse. But we do not think that to make broad

slashes in vital authorization measures on the floor of the House in a highly surcharged political atmosphere is the right way to accomplish these ends. Such methods can only defeat their own purpose. In the present instance, the damage is not merely domestic but is international and on a colossal scale. The Senate ought to rectify it.

Mr. CONNALLY. I shall read one word more from the editorial. What does the New York Times say? It says:

How can we expect our European allies, with standards of living enormously below that of the United States, to live up even to the commitments they have already made if we go through with such far-reaching reductions in our own budgets?

This is the New York Times speaking, not the "Bunkum" County Weekly News. That is what a good many Senators listen to. They ask: "What does the 'Bunkum' County News say?" I have shown what the New York Times says. The times is in favor of real economy—r-e-a-l, not r-e-e-l. It says:

We are not of the opinion that Presidential recommendations must be accepted in toto. We think there has been waste and that considerable savings in both our military and nonmilitary expenditures can doubtless be made.

They do not know, but they think so. They think so.

We believe that Congress must exercise close control over the power of the purse. But we do not think that to make broad slashes in vital authorization measures on the floor of the House in a highly surcharged political atmosphere—

Mr. President, we are not playing politics with this bill. We are not playing demagoguery. We are playing the national interest. We are playing the defense of the United States of America. We are playing the defense of the free world. We are playing for unity in the free world. It will not be possible to maintain the free world if every nation goes on its own. How long would Denmark last alone against Russia? How long would Holland last against Russia? How long would Belgium, France, or any of the other countries last alone? We must stand united.

The United States has the moral leadership of the world. It has leadership in behalf of peace and security. The United States must assume its proper function. As the Times says:

But we do not think that to make broad slashes in vital authorization measures on the floor of the House in a highly surcharged political atmosphere is the right way to accomplish these ends.

This loud and raucous cry for so-called economy is, says the New York Times, "In a highly surcharged political atmosphere."

And, Mr. President, the closer we get to the national political conventions and to election day, the stronger some get for economy; they want to beat their breasts and talk about economy.

So the New York Times says:

We do not think that to make broad slashes in vital authorization measures on the floor of the House in a highly surcharged political atmosphere is the right way to accomplish these ends. Such methods can only defeat their own purpose. In the present instance the damage is not merely do-

mestic, but is international and on a colossal scale. The Senate ought to rectify it.

In other words, Mr. President, the Senate should make every effort to see that the Senate bill on this subject is enacted into law. That is what the New York Times thinks. Does it know? Is it informed? It is playing politics? No, Mr. President, the great New York Times is a responsible and influential journal.

WASHINGTON POST COMMENT

I have in my hand an editorial from the Washington Post. I shall not read the editorial now; it is generally similar to the editorial from the New York Times which I have just read. I now ask unanimous consent to have the editorial from the Washington Post printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post of May 26, 1952]

JEOPARDIZING SECURITY

The House of Representatives has chosen a particularly critical moment to ignore the recommendations of its Foreign Affairs Committee on the authorization for foreign aid. Despite the impassioned plea by Speaker RAYBURN and warnings from the administration, the House chopped away at the mutual-assistance program and then imposed clogging amendments. The Foreign Affairs Committee has recommended a \$1,000,000,000 cut from the \$7,900,000,000 requested by President Truman. Whether the committee cut was necessary or wise only the future can tell with certainty. But it was made after much thought and investigation, and it was supported by the Senate Foreign Relations Committee, which independently made the same reduction. Now the House has trimmed the amount by an additional \$750,000,000. It acted against the advice of everyone—from the President and General Eisenhower down—who bears any responsibility for administering this Nation's security programs.

The biggest cut was made, as might have been expected, in the so-called defense-support part of the program. Defense support is an administration euphemism for economic aid, which to the realists on Capitol Hill has an effeminate sound in these hard days when tanks and guns are terribly important. Why the politicians would rather vote dollars to buy an American tank and ship it to France than to advance dollars to France so that it could build its own tanks is one of the mysteries of our time. As economists and military men have said over and over again, it is more sensible and economical for France to build tanks on home soil, some of which might be used in Europe by American soldiers, but their logic escapes the majority on Capitol Hill.

A related amendment, revealing the same temper on the part of the House and approved with what Mr. RAYBURN described as "glee," substantially cut the amount authorized for economic assistance and technical cooperation in Asia. A further hampering amendment by Representative SMITH of Wisconsin placed a limit on the amount that may be spent under the point 4 program for materials and supplies. This amendment would cripple the point 4 program in India, which is primarily an agricultural development program. Since India's greatest need is for food, the point 4 administrators have organized a team to assist Indian farmers. Training and technical assistance are essential, but equally essential to the program's success are expenditures for water pumps, rigs for drilling wells, fertilizer,

and steel points for plows. The amendment will do no harm to the point 4 program in some countries; but in India it would all but wreck it by reducing the amount to be spent in the next fiscal year by about 70 percent.

Because the House was not satisfied that the Foreign Affairs Committee had been sufficiently tough, it insisted upon inserting an amendment by Representative MERROW, of New Hampshire, which seems harmless but would have unfortunate effects overseas because it attempts to describe how other nations must cooperate with the United States to obtain Mutual Security funds. It is another ill-advised attempt to be tough for toughness' sake.

When the Senate begins debate on the bill today it will have many opportunities to improve upon the work of the House. But it will have to meet various short-sighted and irresponsible proposals from its own Members. The first order of business, for example, is an amendment by Senator WELKER, of Idaho, and 10 other Republicans to cut the amount authorized a full \$2,000,000,000 below the administration request. If the coalition of Taftites and conservative Democrats is as strong in the Senate as it was in the House, the amendment may prevail. But let us hope not. Economy in all things is desirable, but, as Speaker RAYBURN said, the necessity of being ready for war is imposed upon us by the stubborn facts of our time. "To be unready now," he said, "is to jeopardize the survival of this Nation and the whole free world."

Mr. CONNALLY. Mr. President, I now hold in my hand an article from the New York Herald Tribune of May 26—today. The article brings us word from Europe, from Mr. Draper, the European chief of the Mutual Security Agency. I now read from the article:

William E. Draper, Jr., European chief of the Mutual Security Agency, declared today that the cut made by the House in the foreign-aid bill could seriously damage the entire defensive structure in Europe.

EFFECTS OF HOUSE CUTS

In other words, Mr. President, it could damage not only ours, but the entire defensive structure in Europe.

I read further from the article:

The recent action of the House of Representatives in cutting the total requested for military and economic assistance for Europe by 27 percent and slashing—

He knows what "slashing" means, and he uses the word "slashing"—more than 43 percent from that part intended for economic defense support will, if concurred in by the Senate, have serious implications for the future security of the United States," he said.

Mr. President, Mr. Draper is an American, and he is in our service. He is concerned with the security of the United States; and he is talking about the security of the United States when he says:

"Such drastic cuts could seriously damage the entire defensive structure that we and our European partners have been so successfully building."

He said he had not protested when a cut of a billion out of the original eight billion for world-wide aid was called for, because that meant a cut of only 12 percent.

"But now it is proposed to slash economic defense support for Europe by nearly one-half, cutting about \$800,000,000 from the \$1,819,000,000 requested, and to reduce our total military and economic help to Europe by more than one-quarter," he said. "This action comes at a time when increased ef-

forts are expected from our European partners."

Mr. President, in conclusion let me say that those who are advocating tremendous cuts in this bill must take the serious responsibility for their action. They must be responsible, not to those of us here in the Senate, but to the American people; they must be responsible to the boys of the American people, to the sons who already are of military age, and to the sons who are not yet of military age, but will become of military age.

We are pleading for a measure which is designed to help prevent world war III; we are pleading for the safety of our sons and for the sons of all the American people. We are pleading for the security of the United States.

AGREEMENT WITH GERMANY

Mr. President, this morning, in Bonn, Germany, the Secretary of State of the United States, the Foreign Minister of Great Britain, Mr. Eden, the French Foreign Minister, Mr. Schuman, and the Premier of the Western German Republic, Dr. Adenauer, signed a document involving a contractual relationship which will have the effect, when ratified—and it will be ratified here in the Senate—of bringing Western Germany into alliance with the rest of Western Europe, in behalf of what we are seeking to do in the bill now before the Senate. Is the time when that event is occurring a good time to make cuts in the authorization and to send word to Western Germany and to the other signatories to that contract that we are going to slice and slice and cut and cut the funds for the mutual-security program? Is this any time to do that?

On tomorrow, I believe, it is expected that in Paris the foreign ministers referred to and others will sign a treaty of alliance for the conduct of the European defense community. That action will be taken in behalf of six great nations, banded together for their own protection and for the preservation of freedom and democracy in western Europe. Is the time when that is occurring any time to have the wires throbbing with messages that the United States is getting cold feet, that the United States is cooling off in its desire for security, that the United States is lagging behind in the drive for free government and for democracy, that the United States is getting weak in resisting communism and the aggressive forces of the Kremlin which are trying to overwhelm the free nations of the world?

No, Mr. President; let us take no faint-hearted action here today. To do so would be to destroy what already has been accomplished. Let us press on with courage and conviction, until we can say, with St. Paul, the great Apostle, we have fought a good fight, we have finished our course, we have kept the faith.

If we do that, although we shall have finished our course—for the time being, only yet we shall have kept the faith of the free world; we shall have kept the faith of democracy and independence for the nations of the free world; and we shall have kept the faith by resisting aggression by the evil and damnable influences of totalitarianism and tyranny.

Mr. SMITH of New Jersey. Mr. President, I desire to address my remarks to the very pressing provisions of the pending bill. Before doing so, I ask unanimous consent that there be printed in the RECORD at the conclusion of my remarks certain documents which I hold in my hand. The first is an article entitled "What About the Foreign-Aid Bill?", which appeared in Business Week, one of the McGraw-Hill publications. It is dated March 22, 1952. In this article, the critical importance of the foreign-aid bill is emphasized by one of the most important magazines representing the businessmen of America. The second is an editorial entitled "Sensible Trimming," which appeared in the Washington Post on Wednesday, April 30. It appeared at the time that the Senate Foreign Relations Committee made its report deducting \$1,000,000,000 from the bill and indicating the best way in which the \$1,000,000,000 trimming could be handled. The third is an editorial entitled "How Much Cut in Arms Aid?", which appeared in the Christian Science Monitor of May 10, 1952. In this editorial the Christian Science Monitor defends the position taken by the Foreign Relations Committee.

Finally, Mr. President, I have a column which I read in the New York Times this morning, May 26, entitled "Cutting Corners on a Dangerous Road," written by Anne O'Hare McCormick, a well-known writer on foreign affairs. I shall not read the entire article, but I want it added to the other articles at the conclusion of my remarks. I shall, however, read one paragraph from Miss McCormick's column. She says:

It is almost incredible that Congress should choose this moment of crisis to slash at the mutual security program. The arbitrary cuts made in the items of economic aid designed to enable European nations to manufacture their own arms, are the least justifiable of all cuts and the most extravagant on our part. But even if they are justified, nothing could be more ill-timed and irresponsible, in terms of American interests, than to broadcast them at this point.

The PRESIDING OFFICER. Is there objection to the request? The Chair hears none, and it is so ordered.

(See exhibits 1, 2, 3, and 4.)

Mr. SMITH of New Jersey. Mr. President, at the beginning of my remarks, I desire to pay a brief tribute to the chairman of the Foreign Relations Committee [Mr. CONNALLY] who, as he said today, is presenting probably for the last time a major bill under his leadership. Those of us on the committee have become devoted to our chairman. We have appreciated his barbs—and frequently we needed them—but at all times we have sensed behind his barbs an interest he felt in us all and a spirit of cooperation which has meant much to us. I desire to pay him this tribute before I continue with my remarks.

Mr. President, I desire to support wholeheartedly the Mutual Security Act of 1952 as reported by the Senate Foreign Relations Committee. It is my strong conviction that any further cuts beyond the \$1,000,000,000 agreed to in committee and carefully checked—and I

emphasize this—with those responsible for the administration of the act would be a serious blow to the collective security program in Western Europe.

I regret to say so, but I oppose strongly the unfortunate action taken by the House last week, and I hope that the Senate will in no uncertain terms support the committee's program.

Mr. President, since I was first chosen by the people of my State to serve in the United States Senate, I have had one long-range over-all objective in mind. That objective has been the peace of the world. It has been my hope, yes, my prayer, that our country after World War II would accept its responsibility in leading the nations of the world to some form of collective security to preserve the peace. This we have tried to do. But Moscow has blocked our every attempt. Peace has become now only a distant hope. The world is in turmoil. Our own security is threatened.

American security is threatened from two quarters.

First is the threat coming from outside the United States, which atheistic, Soviet totalitarianism poses toward any people that will not accept communism as a way of life. This is the threat which many Americans recognized during World War II. The threat was implicit in the writings of Soviet Marxists, who taught that capitalism and communism could not live side by side. It seeks today by every device at hand to make man the creature of the state, rather than the state the servant of man.

The second threat we face is internal; namely, the threat that our own free institutions and individual freedom may succumb to economic collapse because our Government expenditures exceed our ability to pay taxes. I emphasize those two threats, because they are what faced the Foreign Relations Committee in its consideration of this proposed legislation.

Here are the two big issues before us today: On the one hand, the need for armed collective security, if we are to resist Russian Communist aggression; on the other hand, the absolute necessity of maintaining our economic stability at home.

It will be noted that the bill before the Senate today as reported by the committee would authorize a total of \$6,900,000,000. The original bill submitted by the administration called for \$7,900,000,000, but it seemed to the committee in view of the enormous financial load which we are carrying, that it was necessary to reduce this total. It was felt by the committee, after careful study and discussion with administration leaders, that \$1,000,000,000 could be cut without doing damage to the military program. By the 10 percent flexibility provision we enable the administration to absorb more easily the across-the-board reduction.

I may say for the information of my listeners that in the bill there are four titles, dealing with different areas of the world, and that the bill deals both with direct military items and items which are known as defense support. The latter is aimed primarily at helping the

foreign countries to build up their plants for war production. But the provisions of the bill are flexible and give to the administrator of the bill and his associates authority to transfer sums between the titles and the types of items, so that the cut may not have too severe an effect on any one area of the program.

The argument is made that we do not discharge our obligation to freedom if we reduce the total amounts requested by the President for mutual security. I cannot agree with this view. It seems to me that the first obligation we have to ourselves and to the free world is to keep America strong. In two world wars the strength of the United States—a strength built upon our free productive capacity—has saved the world from the regressive forces of totalitarianism. If a third world war should come it is imperative that the United States be as strong internally as externally.

General Eisenhower understands this point. While abroad last summer on a trip to the Atlantic Pact countries I talked with General Eisenhower and his aide, General Gruenther. They understand the point which I have just made—namely, the necessity for our being strong internally. In General Eisenhower's recent report he states:

The United States cannot long continue such expenditures without endangering her own economic structure. The soundness of that structure is of vital concern to the entire free world, for its collapse would be a world-shaking tragedy.

The committee studied this problem with the greatest care. I believe the solution proposed by the committee, the reduction of the President's request by \$1,000,000,000 is sound and justified. It means that our mutual security program must operate on an austerity basis but not that it will be so seriously reduced as to endanger our goal of building strength in the free world as rapidly as is possible.

For the sake of emphasis, let me repeat that statement: It means that our mutual security program must operate on an austerity basis but not that it will be so seriously reduced as to endanger our goal of building strength in the free world as rapidly as is possible. This cut means that we can supply guns and a little bread, but not butter and cake as well.

In my address on Monday a week ago I indicated how savings might be made in the domestic military programs, which would be of a larger amount than those resulting from any further cuts in the mutual security program. I suggested that possibly \$6,000,000,000 or \$7,000,000,000 might be taken from the \$52,000,000,000 asked by the Armed Services Committee for the current year. This, of course, is a matter which will require careful study. I refer to it at this time in order to emphasize my belief that we can meet economy needs without making further cuts in the mutual security program.

I am distinguishing between the budget of \$52,000,000,000 and the European program of \$6,900,000,000.

As the chairman of the Committee on Foreign Relations stated a few moments ago, General Eisenhower cabled him in reference to this very matter as follows:

An aggregate reduction of the order of a billion dollars would be heavily and seriously felt. Any cut materially greater than this would create such difficulties that a drastic revision of the whole program might well be indicated and might therefore endanger the proposed military build-up now visualized, and which I consider essential in the interest of United States security.

Note that General Eisenhower emphasizes United States security. We are thinking in terms of the security of the United States as well as the collective security of the world.

It will be noted that while General Eisenhower says that the billion-dollar cut would be heavily and seriously felt, he indicates that any further cut would probably require a complete revision of the whole program. That might possibly mean a reconsideration of the agreements entered into at Lisbon where it was generally understood that with certain participation by us the various nations would continue building up their strength in manpower during the current year and next year.

I agree with General Eisenhower. I believe that cuts materially greater than those proposed by our committee would not only endanger our own defensive build-up but might also create grave doubts among our Allies as to our sincerity of purpose. We must not now destroy the program which has been undertaken. I think it is vitally important that we do not discourage our allies.

Mr. WATKINS. Mr. President, will the Senator from New Jersey yield?

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Does the Senator from New Jersey yield to the Senator from Utah?

Mr. SMITH of New Jersey. I would not want to interrupt my sequence of thought. I will yield briefly for a question.

Mr. WATKINS. I merely wanted to inquire whether the pending authorization bill includes funds for helping to rearm Germany.

Mr. SMITH of New Jersey. I do not think the German program is included. I should have to check up on that question.

I am advised by my staff that it does not include the German program.

Mr. WATKINS. Does it include the cost of armaments we intend to send?

Mr. SMITH of New Jersey. In connection with the German program?

Mr. WATKINS. No, the general European program.

Mr. SMITH of New Jersey. Oh, yes.

Mr. WATKINS. Does it include the cost of the equipment?

Mr. SMITH of New Jersey. It includes the cost of the equipment which the European countries are to utilize under the recent program.

Mr. WATKINS. Can the Senator advise me as to how much is allocated to that particular purpose?

Mr. SMITH of New Jersey. I refer the Senator to the excellent report prepared by the staff of the committee, which gives on pages 5 and 6 the detailed allocations to the different nations. On page 8 the report indicates how the various amounts will be reduced by the \$1,000,000,000 adjustment, which is a 12.6

percent reduction. The Senator from Utah will find how each title is divided and what the allocation is to each country. It is a very fine study.

I might say, Mr. President, at this point, that I am very hopeful that all of my colleagues will study the committee's report before they come to their final decision on the bill. In it we have attempted to cover the most important items to which we were permitted to give publicity, and they are assembled for use by the entire Senate. It is such a valuable report that I cannot help emphasizing the importance of Members of the Senate using it.

Mr. WATKINS. Mr. President, I have one further question. I have recently been in conversation with some Members of the Senate who claim that the material we are going to send is not included in the authorization; that is, it is not a part of the \$6,900,000,000.

Mr. SMITH of New Jersey. The only thing I can imagine on which the Senator's question could be based is the proposal raised in the House that possibly, in case of necessity, some of the armament intended for our domestic defense might be transferred to the Mutual Security Program. That would be out of the domestic program rather than out of the foreign-aid program. I do not believe that it would be necessary to do that if we appropriate the amount required for the foreign-aid budget.

The cooperative effort to build collective security must not be endangered by the action of the United States or by any one of our partners. We must all pull together. The choice is between having partners in this disordered world and working together for collective security, or withdrawing to a so-called Gibraltar of our own, isolated and alone. I see no middle ground between the choices. If we are going to have partners, let us carry out the understanding we have with them; and after they have undertaken the building up of their own armed forces to meet the requirements agreed to in Lisbon, let us not let them down by saying, "After reconsidering we find that we cannot give you the equipment needed for your armies."

We have already seen how much can be done in a year's time when determined and effective leadership is applied to the task of developing collective security. Starting practically from scratch, General Eisenhower, with his genius for organization and teamwork, has dispelled much of Europe's doubts and fears, and has fostered a genuine spirit of cooperation within the NATO program. There has been a difference of opinion on that point, but I myself have been abroad, and have talked with the general and his aides. I have also talked with members of the governments and with citizens of the respective countries, and the difference of feeling in Europe between 2 years ago and last summer was amazing. I am told this feeling of determination and hope is increasing all the time.

Under the leadership of General Eisenhower, the Western Europeans are developing a real sense of responsibility, and a willingness to make the sacrifices

necessary for their own defense. The earlier pessimism which was evident in 1948 when I was in Europe, and the temptation to assume an attitude of neutrality and to say, "We had better be neutral and not become involved in this movement," are giving way to a new hope, a new pride, and a greater degree of self-respect.

Let me speak again about our partners in this enterprise. I wonder how many of us realize that at this very moment the nations cooperating in the NATO program actually have more men under arms in Europe than the United States has the world over, including our operations in Korea and everywhere else.

Mr. President, in this connection I ask unanimous consent to have two charts printed in the RECORD.

There being no objection, the charts were ordered to be printed in the RECORD, as follows:

CHART A.—Active military forces, Western Europe, United States, and Canada, Jan. 1, 1952 (excludes para military forces)

	Population	Active forces located in North Atlantic Treaty area	Percent of population
Belgium-Luxemburg.....	8,980,000	136,000	1.5
Denmark.....	4,310,000	26,000	.6
France.....	42,400,000	593,000	1.4
Italy.....	47,000,000	314,000	.7
Netherlands.....	10,300,000	84,000	.8
Norway.....	3,310,000	30,000	.9
Portugal.....	8,570,000	73,000	.9
United Kingdom.....	50,900,000	624,000	1.2
Total, Western Europe.....	175,770,000	1,880,000	1.1
<i>Active forces world-wide</i>			
United States.....	156,000,000	3,465,000	2.2
Canada.....	14,100,000	91,000	.6

¹ Certain para military forces included.

NOTE.—Western European forces exclude those located outside the North Atlantic Treaty area such as the French forces in Indochina. United States and Canadian forces are world-wide.

CHART B.—Active and readily mobilizable military forces, Western Europe, United States, and Canada, Jan. 1, 1952 (excludes para military forces)

	Population	Active and readily mobilizable forces, world-wide	Percent of population
Belgium-Luxemburg.....	8,980,000	250,000	2.8
Denmark.....	4,310,000	123,000	2.9
France.....	42,400,000	1,929,000	4.5
Italy.....	47,000,000	1,852,000	1.8
Netherlands.....	10,300,000	220,000	2.1
Norway.....	3,310,000	184,000	5.6
Portugal.....	8,570,000	168,000	2.0
United Kingdom.....	50,900,000	1,525,000	3.0
Total, Western Europe.....	175,770,000	5,252,000	3.0
United States.....	156,000,000	3,988,000	2.6
Canada.....	14,100,000	(²)	(²)

¹ Certain para military forces included.

² Not available.

Mr. SMITH of New Jersey. Mr. President, chart A shows the number of active military forces by countries, the United States, Western Europe, and Canada. It shows that the countries located in Western Europe, have a total of 1,880,000 men.

I place these figures in the record because I have been asked so many times, "What evidence have we? What are the official figures of the men today available in active service?" That information is contained in chart A.

Mr. President, chart B shows the number of men in active service, readily mobilizable, under the Lisbon plan. It shows by countries the active and readily mobilizable forces in Western Europe, and in the United States, and Canada. Under the Lisbon plan, 50 divisions are to be available by December 31, 1952. Twenty-five of those divisions are to be active, and 25 are to be readily mobilizable. That will depend largely on the speed with which we increase our own production and furnish these countries with the equipment necessary to make those divisions mobilizable.

Of the 25 active divisions planned for the end of this year, roughly 80 percent are active divisions as of May 1. I have brought these figures as nearly down to date as I could.

Of the 4,000 operational aircraft planned for the end of 1952, somewhat more than 50 percent are now available. As shown on chart B, the readily mobilizable manpower of Western Europe as of January 1, 1952, for all three services was 5,025,000 men, taking them altogether as of the first of this year. The groupnd element of these forces was sufficient to man not only the 50 divisions committed to SHAPE—that is the Eisenhower over-all NATO organization—which are receiving matériel under MDAP, but also to man such additional units as home defense forces, territorial guards, and the necessary logistic and tactical support units.

The information relating to the distribution of this manpower I obtained from the Department of Defense, within the last week or so.

These figures, when combined with the other testimony presented to our committee, make it clear that we have already achieved a military force in Europe that would have to be reckoned with by any potential aggressor. Much has been accomplished in a short time. By approving this program at the level which the committee recommends, we believe that the NATO partners can achieve a degree of military preparedness which should deter any immediate aggression. With the completion of the 3-year program in the fiscal year 1954, NATO and the new European army should have strength sufficient to deter any future aggression. This accords with the testimony of General Gruenther and with the testimony of members of the Department of Defense.

In other words, the 3-year plan contemplates approximately \$25,000,000,000 for these programs to build up European defense. The plan aims at having Europe in a state of preparedness to resist aggression by the end of the fiscal year 1954, which is to be the final year for the heavy build-up.

It is these forces which we are helping to equip by the appropriations authorized in title I of the pending bill. These are the forces that will be defending their homelands in the case of attack. To the

extent these nations are able to defend themselves, so also will our own security be strengthened and future demands on us be progressively reduced. We are accomplishing by this program what we had all hoped for, namely, that the nations of Western Europe could build up their manpower to defend their own lands; that with our aid they could strengthen their economies and ultimately equip their manpower. By doing this we are lessening the potential danger of being called upon to send our troops to Europe in case of a war. I cannot emphasize that point too strongly.

Now let me briefly take up the bill by titles.

Title I provides two types of assistance for Western Europe: First, military assistance of \$3,620,317,000 which is the amount reached after the 12½ percent cut was made by the Foreign Relations Committee—and second, defense support assistance of \$1,588,922,000. Military assistance will help provide weapons to be used by the 50 divisions anticipated by the Lisbon plan. Furthermore, this money will buy equipment for additional divisions to be brought into being during 1953 and 1954.

In connection with the Lisbon conference understandings, let me call the attention of my colleagues to pages 19 and 20 of the committee report. Again I wish to pay tribute to the committee's staff for getting this report together, because they have placed under appropriate headings the different subjects about which we are all asked questions such as, What was the Lisbon conference? What is the defense spending idea? What is the status of the Far East? And so on. Every one of those items is covered in detail in different sections of the report.

In the bill reference is made to defense support assistance. That does not refer to direct military end items, but to defense support assistance. This is an item frequently attacked by critics who call it economic aid. It is economic aid only in the sense that it is in support of European defense. Furthermore, it is a part, indirectly of our own defense.

There have been some suggestions for limiting our aid to purely military end items, but it is obvious that unless we give this defense support, we will have to continue indefinitely furnishing military end items from this country. We want to get away from that, and to get those countries in a position where they can equip themselves and furnish their own military end items, such as their own artillery, tanks, and airplanes.

However, once we have provided these European divisions with capital equipment and given the countries of Western Europe the boost they need in order to get their own defense production under way, we should be able to reduce the size of American contributions. I am sure that our European friends expect this, and plan now for the time when our aid will greatly diminish and eventually cease. I have talked personally with a great many of them. It is not good for Western Europe to continue to rely on our help. Free nations must stand together, but no nation is free if it con-

tinues for a long period of time either in the role of donor or in the role of beneficiary.

I now leave the subject of title I with the emphasis that what we are doing under title I is giving strength to the European nations to enable them to equip their own divisions for their own home defense, with their own manpower.

TITLES II, III, AND IV

I pass now to titles II, III, and IV. I consider, first, the authorization in those titles for military assistance.

Title II has to do with the Near East and Africa. Title III has to do with Asia and the Pacific; and title IV has to do with the American Republics. I wish to discuss those titles in order, and briefly.

A detailed breakdown of the authorizations requested for 1953 for those countries appears on pages 5 and 6 of the report of the committee. On pages 7 and 8 there is a table showing the reduction, title by title, caused by the committee amendment, cutting \$1,000,000,000 from the entire bill. A study of the tables on these pages set forth clearly the way in which the subject has been handled by the committee.

Without taking the time of the Senate to go into that subject in detail, let me say that I believe that Members of the Senate who will study the tables will see the care with which the committee went into each item, and how the entire bill was built up. The bill was not introduced and then referred to the committee. After the President's message was referred to the committee we produced an original bill, which was reported by the distinguished chairman of the committee [Mr. CONNALLY].

Considering the military assistance authorization in titles II, III, and IV—and I am emphasizing the military assistance at this moment—let us examine the areas which we are helping, and the reason for the aid.

In the Near East we are helping Greece and Turkey to build and maintain their armed forces. Those countries are now our full partners in the North Atlantic Pact, as the Senator from Texas has pointed out. Each of those states has shown its desire to meet the threat of militant communism, and a determination to fight for its liberty. The strength of those countries poses a great deterrent to a Soviet attack on Western Europe, because of the strategic flank positions which they occupy. When we think of the map of the eastern Mediterranean, and what it would mean to Western Europe if Russia were to swoop down and sweep over those countries, we can see why it was important to bring Greece and Turkey into the NATO picture immediately.

Last July I had the privilege, with eight other colleagues on the Senate Foreign Relations Committee, of visiting this area, as well as the other Atlantic pact countries in Europe. In a quick 2-week trip, made for the purpose of gaining some first-hand understanding of the problems of the area, we covered France, England, Spain, Greece, Turkey, Italy, and Western Germany.

We were especially concerned with the Mediterranean area, and visited Spain on the west and Greece and Turkey on the east. In Greece and Turkey we were particularly gratified to find an increase in morale and in the ability of the two countries to contribute to the NATO program. As a matter of fact, in addition to the 50 divisions contemplated for Western Europe at the recent Lisbon conference, 20 additional divisions from Greece and Turkey can be added to our total strength for the whole Atlantic Pact area. Those 20 divisions from Greece and Turkey are today equipped, because of the aid we have given them in the past. They are combat-worthy.

I may add that Iran, Turkey's neighbor, has a frontier with the Soviet Union of about 2,000 miles. Some of our military assistance funds are programmed for Iran. We are all aware of the tense situation there at the present time, because of the oil difficulties.

Passing to title III, we come to the Far East, where military assistance is authorized in the amount of \$533,859,000. The larger portion of this fund will go to Formosa and to Indochina. Those countries have both shown their willingness to make supreme sacrifices in meeting Communist military attack. In Formosa is the Nationalist army of approximately 500,000 men—few people realize the strength of that army—which is now being trained by our own military experts. I am happy to say, in order to be available, first, for the defense of Formosa against an attack by Communist China, and, second, as a reserve in the event Communist China should attack Indochina.

I digress for a moment to say that, of course, the French are carrying the load of the defense of Indochina at the present time. We have a responsibility to help our French allies in that matter. One of the ways we propose to do it is by building up this backdoor defense, which may be very useful to us in case there should be an attack.

In the event of an attack by the Chinese Communists we would be in a position to attack them from the rear with anti-Communist Chinese troops. In Indochina our aid is primarily to help the French, who are carrying on a defensive war, which the western powers are supporting in order to prevent the possible conquest of the area by Moscow-dictated Communist China.

Under title III, a small amount of military aid will go to the Philippines, Indonesia, Burma, and Thailand, to help strengthen those areas.

I now turn to title IV. Here we have a program for building up the strength of Latin America. The military program calls for an authorization of \$62,400,000 to complete the equipment of forces in Latin America able to give the United States military support in this hemisphere in the event of war. I have been especially concerned about the appropriations for Latin America. I wanted to be sure that we are not becoming involved in a military assistance program which would be of no help to us, or which might continue interminably. During the hearings on this bill

I asked General Olmsted, who appeared for the Department of Defense, whether in the fiscal year 1954 we would have to repeat this authorization of funds for Latin America.

General Olmsted assured us that this year's program should complete the capital equipment of the Latin American forces required to fit into the hemispheric defense plans, and that thereafter we shall be "over the hill" on capital investment, and will be able to fall back to the "maintenance level."

ECONOMIC AID AND TECHNICAL ASSISTANCE

I now pass to another subject, which has been very controversial and concerning which I think there should be a full explanation. I refer to the subject of economic aid and technical assistance. Thus far I have devoted my attention primarily to the military side of our assistance program. I now wish to direct a few remarks to the programs of economic and technical assistance, especially in the Near East, Asia, and the Pacific.

As my colleagues are aware, I have supported the modest programs of technical assistance which were begun in 1950. I continue to support those programs because I believe that the most critical areas in the world-wide struggle between freedom and communism are those parts of the world where millions of people are living at the subsistence level. In the vast areas of the Middle and Far East millions of people have been living so close to starvation that they would gladly sell what little freedom they have for the mere promise of better things. We all know that the Communists are long on promise but short on performance, but they certainly have been successful in selling their propaganda. Let me add here that we are under great handicaps in dealing with these areas because of the widespread suspicion built up by the Russian propaganda machine, that the western powers have purely imperial and colonial designs. This is a matter that needs our immediate attention.

I believe it is possible that the conflict between communism and freedom may be won or lost in the underdeveloped areas of the Middle East and Far East. Possibly that is because I have been there two or three times and I have gotten the feeling of the area. I have talked with the natives, and I feel rather sure that I know what they are thinking of and groping for. I do not believe, however, that we can ever buy people's loyalties with money alone. It is not primarily monetary aid that I am advocating, but a point of view and a program to assist these people in developing their economies in order that they may earn their own way without aid from the outside. It is probably true that one of communism's strongest weapons in these areas is the distortion of the story of America—a twisting of our economic and industrial success into the lie that Americans believe that money can be used to solve all problems.

We must be extremely careful that programs of technical assistance do not

become give-away programs. We cannot take the responsibility for feeding and clothing the millions of Asia. We might like to do it, but we simply cannot do it. It is out of the question. It is a burden no nation could assume. Nor can we assume responsibility for raising the standard of living throughout the entire world. I believe a mistake has been made in some quarters in thinking that we can raise the general standard of living throughout the entire world. I do not share that view. What we can do is to help these people help themselves and give them the benefit of the know-how which years of experience has brought to us. We do have a responsibility in these underdeveloped areas to demonstrate what technology can produce and what our democracy has to offer. At the same time we must make certain that our representatives do not attempt to impose American techniques and standards.

Sometimes when we become enthusiastic we may try to force an idea on others. I am opposed to such a course. We must not allow any of our representatives to go to other countries and try to impose Americanism on them. We can show them that freedom and independence can be won by dedicated and constructive self-help and mutual aid. At a modest cost we can show them what they are capable of doing for themselves. As I see it, we should be moving forward with that concept.

Dr. Bennett, who headed the Technical Cooperation Administration, until his untimely death last year in an airplane accident, stood for the principle of "first things first." First things are the simple things of life. They include know-how in such matters as methods of tilling the soil, in the use of water resources, and in the control of disease. First things definitely do not include mechanization and industrialization for people not yet able to care for their minimum needs. In my opinion, that is a very important distinction which must be made in our approach to these problems.

Let me illustrate by citing a few special cases in which our aid can be of inestimable value. First, let me mention the island of Formosa, to which I previously referred. In addition to the military program there, we can help the people put themselves on a self-sustaining basis and to rehabilitate their island after the years under Japanese occupation.

We all know that the Nationalist Chinese Government has under its command the only substantial, organized group of anti-Communist Chinese in all Asia. That army of 500,000, which I mentioned earlier, is the only organized group of anti-Communist Chinese in Asia. That is a very important point for us to remember. They are on the island of Formosa, where their presence creates heavy economic problems for that normally self-sufficient island. I am advised by all the experts with whom I have discussed the matter that Formosa, without the extra load of the army on its soil, could readily support itself.

Under the program we are presenting to the Senate more than \$100,000,000 is tentatively scheduled for economic assistance to Formosa for next year. This money will be used largely to provide the economic backing that is essential if the Chinese forces are to be kept in a state of readiness, not only for their own defense but for use with United Nations forces, should the situation in the Far East so require. These funds will also help to restore the Formosan people to a condition of freedom, independence, and self-sufficiency. This will aid further in building the cooperative spirit on the island today, which those of us who went there saw firsthand, and which has been so well developed by the governor, K. C. Wu, under the direction of Generalissimo Chiang Kai-shek.

At this point I should like also to pay a tribute to the outstanding work which was done by Mr. Ray Moyer in his work with ECA and the Joint Commission on Rural Rehabilitation. He had a great deal to do with the present peaceful situation which prevails on the island of Formosa and with the cooperation which exists between the Nationalist Chinese and the native Formosans. Dr. Schenck, his successor, is carrying on very effectively in the same field.

ISRAEL AND THE ARAB REFUGEES

Mr. President, I now wish to refer to another area, so as to illustrate further what we can do with effective aid. Direct aid is needed in the case of Israel because of the deplorable condition of the people. On pages 45 through 48 of the committee's report there are outlined two important programs which I wish to emphasize. The first is emergency aid to the new State of Israel, and the second is the Palestine refugee program.

In the bill as reported, the committee has approved the authorization of \$66,380,000 for assistance to Israel in order that this new State may be able to deal with the problems created by the heavy influx of European refugees. The State of Israel has courageously assumed responsibility for taking care of millions of homeless people who have fled from persecution in Europe, especially from Germany. It is the settlement of these people that requires our aid at this time. Furthermore, we feel a special interest in and responsibility for the new State of Israel, which has so resolutely started its life under difficult conditions.

In connection with the Palestine refugee program, which is a corollary to the one I have just mentioned, we have provided assistance to help the Arab States meet the problems they face as a result of the influx of nearly a million refugees who fled from Palestine during the recent hostilities there and now live in squalor. The committee bill authorizes an appropriation of \$56,772,000 for this fund. This contribution is our share of a program to which many other members of the United Nations contribute.

These two funds for Israel and for the Arab refugees are established to insure a greater degree of stability in the Near

East and to give desperately needed aid to resettle thousands of homeless people.

GENERAL CONCLUSIONS

Mr. President, I now come to the general conclusion of my remarks. In summary, let me indicate a few of the premises on which the pending legislation is built:

First. The provisions of the bill with respect to European countries, namely, the countries covered by title I, the Atlantic Pact countries, aim to carry out established congressional policies.

Beginning with the Greek-Turkish Aid Acts in 1947, congressional policy has held that the United States has a vital interest in the defense of Europe against Communist aggression. This policy was crystallized in the Vandenberg resolution in the North Atlantic Pact, in the Mutual Defense Assistance Acts, and finally in the Mutual Security Act of 1951.

Second. The bill reflects certain previous basic decisions as to how this overall policy should be carried out.

It is definitely to the interest of the United States that the European members of NATO should furnish the maximum number of armed forces to the common defense. That is manpower. If this demand on NATO countries of Europe exceeds their economic capabilities—and what we wanted them to contribute did exceed their capabilities—it is to our interest to aid their economies to establish these important results. The alternative would be not to furnish the aid and not to arm their manpower, but to fall back on ourselves. In the event world war III should break out we would have to furnish our manpower and carry on the war in Europe as we did in World War I and World War II.

Third. These congressional policies have been succeeding.

We have only to note the present reasonable stability of Greece and Turkey since we established the Greek and Turkish programs 2 or 3 years ago. We can also note with gratification the great progress in unity growing out of the recent Lisbon understandings.

Fourth. The authorizations in this bill are consistent with the preservation of a sound economy in the United States.

As I stated earlier, my own judgment is that we can make vastly more savings by studying carefully and sharpening our pencils in regard to our domestic military program, rather than by cutting the mutual security program any further.

The building up of European armed forces offers the best method in the long run for reducing the strain on our other defense expenditures. A dollar spent under this program goes further than one spent directly on our own military establishment, because European military costs are lower. As I recall the figures, the cost of maintaining an infantry division in the United States is approximately \$160,000,000 annually, whereas the cost of maintaining a division of comparable strength in Europe is approximately \$50,000,000 annually. So it is to our advantage to maintain divisions in Europe, rather than to main-

tain divisions in the United States, if we can get the Europeans to furnish the manpower.

Fifth. The nonmilitary aid programs have a vitally important place in our over-all foreign policy. It is unfortunate that at the present time world conditions prevent us from putting more money into aid of this kind, rather than into a continuing armament race. We are, however, making an important beginning in removing some of the basic causes of turmoil and revolution in the underdeveloped areas of the world. History well may prove that in the long run it is programs of this sort, programs which are working for peaceful change and adjustment, that will have played the most important role in moving us toward the goal of world peace.

FINAL CONCLUSION

So, Mr. President, in final conclusion let me say that I support the Mutual Assistance Act of 1952, as reported by the committee on Foreign Relations without further cuts, because it is a symbol to the world that we are prepared to help our allies and friends to defend themselves, and we wholeheartedly join with them in this program of collective security against Communist aggression.

Let me make this final observation: Neither arms for defense, nor atomic weapons for offense, nor the United Nations, nor other types of leagues for peace, will save America. It is not a mere matter of world organization, however important that may be. A Maginot Line, however strong of itself, is of no avail. The survival of America—and perhaps it may be the very survival of the world that we know—will depend on the careful nurturing of that something that was born years ago and has been struggling to survive ever since: The vision and then the growing reality of man's God-guided destiny, the inherent value of each individual human being, and the release of his own creative energy for his own independent growth. This is, in reality, the cause of the continuing revolt throughout history against the exploitation of the weak by the strong—or, briefly stated, the revolt against human slavery.

Mr. President, this was the wisdom of our forefathers when they paid the price of human sacrifice and suffering for freedom. This is the heritage that has come down to us in America. It is our most precious possession. It is our most valuable weapon to use in the war of ideologies which is sweeping the world. That war of ideologies, Mr. President, is a far more critical war than the war of arms. I am stressing this point because although we are talking about an armaments bill and although I am supporting the bill, I am still maintaining that the war of ideologies is far more important than a war of arms.

So let us arm ourselves militarily because unfortunately that is necessary for our physical security. But let us never forget that this spiritual conflict, grounded in man's faith in his ultimate God-guided destiny, is the real conflict and must be ever before us in the determina-

tion of our fundamental international and domestic policies.

Mr. DOUGLAS. Mr. President, will the Senator from New Jersey yield for a question?

The PRESIDING OFFICER (Mr. MILLIKIN in the chair). Does the Senator from New Jersey yield to the Senator from Illinois?

Mr. SMITH of New Jersey. I am very glad to yield to the Senator from Illinois.

Mr. DOUGLAS. First, Mr. President, let me congratulate the Senator from New Jersey for his very able speech.

I wonder whether he will clarify some issues which have arisen in my mind in regard to the progress of this movement thus far.

On pages 41 and 42 of the hearings before the Committee on Armed Services, I note a tabular statement of the amounts which have been appropriated for military assistance, as well as for economic and technical assistance, and the amounts which have been expended, and so forth.

I note that as of January 31, 1952, the Congress had appropriated approximately \$14,400,000,000 for these purposes—I read to the nearest \$100,000,000. I note further that of that total only \$2,300,000,000 had been expended, leaving an unexpended balance of approximately \$12,000,000,000.

Furthermore, if that amount is further broken down, as it is on page 41, it is disclosed that of the \$10,900,000,000 of the sum which had been appropriated for military assistance, only \$1,200,000,000 had been expended, leaving for military purposes an unexpended balance of \$9,700,000,000.

Is it the understanding of the Senator from New Jersey that these figures are approximately correct? I refer to the figures appearing on pages 41 and 42.

Mr. SMITH of New Jersey. Those figures were supplied to the Armed Services Committee, were they not?

Mr. DOUGLAS. Yes.

Mr. SMITH of New Jersey. I assume they are the same as the figures which were before the Committee on Foreign Relations. Probably they are the same.

I can say that the Senator from Illinois raises one of the highly important aspects of this entire situation, one to which we have given a great deal of thought and study.

I was disturbed, as was the Senator from Illinois, about what appear to be funds appropriated and unexpended. I have a statement, which I shall place in the RECORD before we conclude this debate, explaining how that has been brought out.

The difficulty under which we are laboring arises because of the fact that unless advance authorizations and appropriations are provided, those who are charged with the responsibility of administering the program are not able to make forward contracts. Many of the things required have to be contracted for in advance; it may take as long as 1, 2, or 3 years to construct them. Under our fiscal policy, we do not permit obligations to be incurred until an appropriation has actually been made. That has

been one of our embarrassments. In my own mind, I am not sure that we shall not have to change that practice.

Yet the fact remains that the existence of unexpended balances, so far as the Mutual Security Program is concerned, upon close study does not give me as much concern as I would have if we had different testimony from those in authority.

I am told that by June 1952 all the funds previously appropriated will be obligated, except for possibly \$300,000,000 or \$400,000,000.

Mr. DOUGLAS. Is it not an extraordinary situation that when the Congress appropriates \$10,900,000,000 under what is declared to be a sense of urgency on the part of the Department of Defense, at the end of January of this year the authorities have been able to expend only approximately \$1,200,000,000, leaving unexpended \$9,700,000,000?

If these matters were of such urgency, would not we expect the Department of Defense to have made a better record in rushing to Europe the matériel which was said to be so badly needed?

Mr. SMITH of New Jersey. Mr. President, one of the criticisms I made when I addressed the Senate last week was based exactly on the point to which the Senator from Illinois is calling attention. The difficulty has been that we have tried to carry on simultaneously a production program of military equipment, military-end items, and what-not, and also our normal program on the home front; and our productive agencies, such as our manufacturing concerns, and so forth, are away behind in their deliveries. We do not pay until the articles are delivered, and delivery has been held up by various factors, with which the Senator is familiar. I am not defending this state of affairs. I agree with everything the Senator says in this regard. I am pointing out, however, the great danger we would be in if we did not authorize the amounts called for in the pending mutual-security bill. I agree with his approach, especially with regard to the domestic military budget. I said in my speech last week that on the \$52,000,000,000 domestic program for military expenditures we could probably save from \$7,000,000,000 to \$8,000,000,000 if we sharpened our pencils and looked carefully at the unexpended balances.

In the case of this program, I feel that there will not be any unexpended balances after the end of fiscal 1952, and that, unless we provide the authorizations contained in the bill we will be cutting off all our military shipments planned for delivery after the fiscal year 1953.

I am advised, from the figures, that what we have committed during the past year will carry through our deliveries and our expenditures during the fiscal year 1953, and that we are now asked to provide authorizations to complete the program in 1954, as was planned at the Lisbon conference. I might enlighten the distinguished Senator by reading a memorandum which was prepared at the request of myself and other Senators on

this question. The writer brings up the very point of which the Senator speaks. He says:

I am somewhat at a loss to understand the source of your information that there is a 7.9 billion surplus for foreign aid left from previous years.

That is the \$7,900,000,000 of which the Senator spoke.

Mr. DOUGLAS. No; the surplus as of the 31st of January, so far as amounts appropriated but not expended are concerned, as indicated on page 42, is \$12,040,000,000, or approximately \$12,000,000,000. There may have been subsequent expenditures since the 31st of January, but I should think, at the rate the appropriations were being expended up to that date there would be at least \$11,000,000,000 of unexpended appropriations.

Mr. SMITH of New Jersey. Irrespective of whether the unexpended balance is \$12,000,000,000 or \$7,900,000,000, the principle is the same. At any rate, I should like to read this statement. The writer says:

This figure does not coincide with any which is available here and I can only conclude that it must have been furnished to you by someone who made the common mistake of failing to distinguish between obligations and expenditures. This distinction is of the greatest importance and popular misunderstanding of its precise nature has been the source of much confusion. To explain the distinction properly requires a brief description of what Congress actually does when it makes an appropriation.

When Congress makes an appropriation, we commonly say that Congress is appropriating funds. This naturally gives rise to the impression that Congress is taking physical cash in an amount equivalent to the appropriation and actually placing it in the hands of the executive branch for immediate payment out. This is not the case; instead, Congress is simply granting the executive branch the authority to do two things:

First, to make obligations—

That is, contracts with the producers of needed articles—

in the amount of such appropriation, that is to make binding commitments (or contracts) to pay out that amount at the date or dates specified in the commitment. When this particular authority to obligate is exercised, and binding commitments are made, we say that the funds are obligated.

Second, to make the expenditures required to carry out such obligations, that is actual payments in cash to the persons to whom such obligations are owed from cash which is available to the Government in the United States Treasury at the time of the payments. At this stage we say that the funds are expended.

Therefore, it is important to remember that under present congressional procedures, the executive branch does not have the authority, unless and until Congress does make an appropriation, either (1) to spend money or (2) to make a contract which will, at some subsequent date, legally require the Government to spend money.

With the foregoing brief explanation of terms, we can turn to the current picture. The facts, as derived from official sources and estimates, are these:

(1) On June 30, 1952, the end of the current fiscal year, it is estimated that of the total amounts heretofore appropriated for foreign-aid purposes, only around \$400,000,000 will remain unobligated.

Mr. DOUGLAS. But I should like to point out that the \$400,000,000 will remain unobligated as well as unexpended.

Mr. SMITH of New Jersey. I continue:

The balance will either have been "expended," that is, actually paid out in cash, or "obligated," that is, committed to binding contracts for the future delivery of goods. The portion remaining unobligated will be largely, if not entirely related to that part of the foreign-aid program having to do with the furnishing of military assistance. It will consist primarily of three elements: (1) roughly \$100,000,000 representing contracts in the process of placement, mostly overseas, which have not been finalized; (2) approximately \$100,000,000 for the procurement of items, mostly spare parts, on which final specifications have not been developed; and (3) perhaps \$200,000,000, reserved in accordance with sound business practices, to cover future increases in costs, resulting from engineering changes and other adjustments, under contracts already placed. This is a normal, not an unusual, situation with respect to military-type procurement at the end of any fiscal year.

(2) On June 30, 1952, it is also estimated that of the total amounts heretofore appropriated for foreign-aid purposes, about \$8,900,000,000 will remain unexpended.

However, with the exception of the approximately \$400,000,000 referred to in the preceding subparagraph, the entire amount will have been obligated, that is, committed to specific binding contracts. It can be applied only to those contracts. It is not available for any other or new purpose. It will be expended when the goods are ready for delivery, to liquidate those contracts.

(3) Therefore, during the year from July 1, 1952, to June 30, 1953, and in the absence of any new appropriation, the situation would be substantially as follows: existing contracts could be carried out, resulting in the substantial expenditure of the funds which were unexpended but obligated on June 30, 1952. However, apart from the \$400,000,000 previously referred to, which though not technically obligated, will be specifically earmarked, the executive branch, insofar as foreign assistance is concerned, would be without authority either to make new contracts (enter into new obligations) or even to expend money for any current requirements except those connected with the liquidation of contracts placed in earlier years.

There is then a further discussion of more of the details of this particular subject.

Mr. President, in the light of the fact that this question has been raised, I ask unanimous consent that the entire statement, which was submitted to me at my request and at the request of other Senators, be incorporated in the RECORD at this point, so that the Senate may have the benefit of the explanation made by the executive branch in regard to unexpended balances.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MEMORANDUM RE UNEXPENDED AND UNOBLIGATED BALANCES

I am somewhat at a loss to understand the source of your information that there is a "7,900,000,000 surplus for foreign aid left from previous years." This figure does not coincide with any which is available here and I can only conclude that it must have been

furnished to you by someone who made the common mistake of failing to distinguish between obligations and expenditures. This distinction is of the greatest importance, and popular misunderstanding of its precise nature has been the source of much confusion. To explain the distinction properly requires a brief description of what Congress actually does when it makes an appropriation.

When Congress makes an appropriation, we commonly say that Congress is appropriating funds. This naturally gives rise to the impression that Congress is taking physical cash in an amount equivalent to the appropriation and actually placing it in the hands of the executive branch for immediate payment out. This is not the case; instead, Congress is simply granting the executive branch the authority to do two things:

First, to make obligations, in the amount of such appropriation, that is to make binding commitments (or contracts) to pay out that amount at the date or dates specified in the commitment. When this particular authority to obligate is exercised, and binding commitments are made, we say that the funds are obligated.

Second, to make the expenditures required to carry out such obligations, that is actual payments in cash to the persons to whom such obligations are owed from cash which is available to the Government in the United States Treasury at the time of the payments. At this stage we say that the funds are expended.

Therefore, it is important to remember that under present Congressional procedures, the executive branch does not have the authority, unless and until Congress does make an appropriation, either (1) to spend money or (2) to make a contract which will, at some subsequent date, legally require the Government to spend money.

With the foregoing brief explanation of terms, we can turn to the current picture. The facts, as derived from official sources and estimates, are these:

(1) On June 30, 1952, the end of the current fiscal year, it is estimated that of the total amounts heretofore appropriated for foreign aid purposes, only around \$400,000,000 will remain unobligated. The balance will either have been expended, that is, actually paid out in cash, or obligated, that is, committed to binding contracts for the future delivery of goods. The portion remaining unobligated will be largely, if not entirely, related to that part of the foreign aid program having to do with the furnishing of military assistance. It will consist primarily of three elements: (1) roughly \$100,000,000 representing contracts in the process of placement, mostly overseas, which have not been finalized; (2) approximately \$100,000,000 for the procurement of items, mostly spare parts, on which final specifications have not been developed; and (3) perhaps \$200,000,000, reserved in accordance with sound business practices, to cover future increases in costs, resulting from engineering changes and other adjustments, under contracts already placed. This is a normal, not an unusual, situation with respect to military-type procurement at the end of any fiscal year.

(2) On June 30, 1952, it is also estimated that of the total amounts heretofore appropriated for foreign aid purposes, about \$8,900,000,000 will remain unexpended. However, with the exception of the approximately \$400,000,000 referred to in the preceding subparagraph, the entire amount will have been obligated, that is, committed to specific binding contracts. It can be applied only to those contracts. It is not available for any other or new purpose. It will be expended, when the goods are ready for delivery, to liquidate those contracts.

(3) Therefore, during the year from July 1, 1952, to June 30, 1953, and in the

absence of any new appropriation, the situation would be substantially as follows: Existing contracts could be carried out, resulting in the substantial expenditure of the funds which were unexpended but obligated on June 30, 1952. However, apart from the \$400,000,000 previously referred to, which, though not technically obligated, will be specifically earmarked, the executive branch, insofar as foreign assistance is concerned, would be without authority either to make new contracts (enter into new obligations) or even to expend money for any current requirements except those connected with the liquidation of contracts placed in earlier years.

You might then properly ask—and this is, in a sense, I believe, the substance of your own inquiry—why it would be serious, in view of the \$8,900,000,000 of contracts for foreign aid which will be outstanding on June 30, 1952, and which are scheduled to result in deliveries during the following years, to make no new foreign-aid appropriations for the period June 30, 1952, to June 30, 1953. I shall answer this question in three parts.

(1) A large part of the answer to this question lies in what is known as the problem of lead time, the time it takes from the date on which Congress makes an appropriation (that is, authorizes the making of a contract), to the date when the first item is delivered under that contract. In the case of military procurement, which of course is normally a condition precedent to the delivery of military assistance (and military assistance represents by far the greatest percentage of all foreign assistance) lead time is frequently measured, not in weeks and months, but in years. With respect to aircraft, for example, lead time will vary, depending on the precise type involved, from 2 to almost 3 years. If we are to supply an aircraft for foreign aid in 1954, Congress must authorize a contract for such aircraft now. Consequently, if no new appropriation is made for military assistance for the coming fiscal year, it would mean that no aircraft could be delivered during 1954; foreign aid in the form of aircraft would stop abruptly in 1954; and nothing which Congress or anyone else could do in the following year could possibly correct the situation. There would be an inevitable hiatus in aircraft deliveries of 12 or more months which would be dictated by the simple fact that it takes a minimum of several years to place contracts for, to manufacture, and to deliver an aircraft. While the case of aircraft is extreme, it is to only a lesser degree typical of most of the other major items of military procurement—M-47 tanks (where the manufacturing process alone is 11 months) or mine sweepers (where the comparable figure is 15 months), as further illustrations. And it is precisely this circumstance which accounts for the fact that a large amount of previous appropriations will be obligated but unexpended on June 30, 1952. These unexpended appropriations represent the pipeline which will fill military requirements during the immediately following months. Without a new appropriation, this pipeline would begin to dry up rapidly on June 30, 1953, and could only be rebuilt after the loss of more than a year. Therefore, a decision to make no new appropriation for military assistance procurement at this time necessarily constitutes an immediate decision to abandon virtually all further military assistance to our allies after June 30, 1953.

(2) A second part of the answer to the foregoing question relates to the need for authority during the fiscal year beginning on June 30, 1952, to contract and pay for the costs of packing, transporting to ports, and shipping overseas, the equipment which will be produced during that year under the

military-procurement contracts which are represented by the "unexpended" but "obligated" funds on June 30, 1952, and to furnish training in the use of such equipment and other equipment previously delivered. This amount will come to nearly \$930,000,000. It cannot be paid for except out of a new appropriation because, as indicated above, all previously appropriated funds will have been obligated—again, of course, with the exception of the \$400,000,000 which, though unobligated, is earmarked for specific purposes. In other words, if no such appropriation is made, available equipment could not be delivered and the military-aid program would come to an abrupt halt. It would also be impossible to provide foreign nationals with the training necessary for their effective maintenance and employment of equipment already delivered, and we could expect that our substantial investment in military assistance would be partially dissipated through ignorance on their part of the proper methods for the maintenance, repair, storage, and use of weapons provided.

(3) The final part of the answer pertains to that portion of the foreign aid program which has to do with defense support, economic and technical assistance. Of the approximately \$8,900,000,000 of unexpended but obligated funds on June 30, 1952 (with the exception of the \$400,000,000 previously discussed), nearly \$8,000,000,000 will represent funds specifically appropriated for military assistance. The balance, slightly over \$900,000,000, will represent "obligated" but "unexpended" appropriations for defense support, economic and technical assistance. Many of the considerations which are summarized in the preceding two paragraphs in connection with military assistance are applicable to these other forms of aid as well, with the important qualification (except in the case of machine tools and certain other types of heavy equipment) that the lead-times are much shorter and the necessary pipeline much smaller. Thus, an important portion of the requirements for these other forms of aid during the first months of the year which begins on June 30, 1952, will be, and could only be, met from the "obligated" but "unexpended" balances on that date—the contracts then already placed. However, the funds required to pay the cost of delivering these items, the funds needed to place the contracts necessary to cover requirements for the remainder of the coming year, and the funds essential to carry a modest pipeline into the succeeding year, must all come from a new appropriation. There is no other source, since all previous funds have been "obligated." Failure to provide a new appropriation therefore will inevitably result in a virtual cessation in these other essential forms of aid early next fall. Similarly, the absence of a new appropriation would require the immediate abandonment of the "point 4" program of technical cooperation. That program is dependent upon large numbers of American technicians who are paid on a current basis, and they could not be employed if no new funds were made available.

In summary, therefore, the failure to provide a new appropriation would constitute a decision to terminate all foreign aid. After June 30, 1952, no personnel could be employed and no more goods could be shipped. Moreover, even if a new appropriation covered the costs of shipping goods which had already been contracted for and United States personnel costs incident thereto, it would still represent a decision to abandon all foreign aid at definable future dates—point 4 on June 30; defense support and economic aid a few months hence; and military assistance at a very rapid rate beginning about June 30, 1953. I am sure that you will agree that no more short-sighted and

dangerous course could be undertaken by the United States at this time.

This does not mean, however, and again this is a point on which I believe that there is much popular misunderstanding, that because Congress makes a new appropriation for foreign aid for the coming year the amount of such appropriation must be available in cash in the United States Treasury during that year. You will recall my previous statement that the term "appropriation of funds" is really a misnomer, that it means an authorization to make obligations and, when those obligations become due, to make expenditures at that time in discharge of those obligations out of funds then available in the United States Treasury. That means, in the case of that portion of any new appropriation for the coming fiscal year which is to be devoted to military procurement, that most of the cash necessary to cover the resulting contracts will not need to be on hand or represented by Treasury receipts until some time in fiscal year 1954 when these contracts will become due.

Mr. DOUGLAS. Mr. President, I should like to ask the very able Senator from New Jersey a very simple question: Is he satisfied with the deliveries which the Mutual Security Administration has been able to make to foreign countries whom we were supposedly equipping?

Mr. SMITH of New Jersey. No; I am not satisfied with it, and I do not know that we can blame MSA. But we can blame the falling down of production, which is far from reaching the target we expected to reach by this time. I am told we have obtained about 50 percent of what had been expected by this time; so we are behind, not the foreign governments.

Mr. DOUGLAS. I understand.

Mr. SMITH of New Jersey. The foreign countries expected to go ahead. We were behind. Of course, the equipment which is to be delivered is needed.

Mr. DOUGLAS. I understand that. But has the Committee on Foreign Relations gone into the issue as to who is responsible for this failure to effect deliveries?

Mr. SMITH of New Jersey. The Committee on Foreign Relations has not conducted an investigation of that situation. I understand that the Committee on Armed Services has given some thought to it. I have had called to my attention by one of the staff the report from which I desire to read briefly. The report of the Committee on Foreign Relations on the pending bill, at page 26, says:

When asked to explain why shipments of military assistance have been so slow Secretary of Defense Lovett ascribed the delay to the following facts, which apply to domestic military production as well as to the shipments under the military assistance program:

(1) "We were short on machine tools."
(2) "We had inadequate facilities in being."

(3) "Initial scheduling * * * was * * * unrealistic as" it was "based on the peace-time procurement of materials."

(4) "We ran into shortages of all sorts of critical materials like tungsten, columbium, cobalt * * *."

(5) Finally we ran into design complications resulting from the tremendous complexity of much of the present-day military equipment.

Secretary Lovett concluded, however, that the picture is noticeably better today and that shipments should increase rapidly in the months ahead.

So answering the distinguished Senator's question, while we did not go into an exhaustive study of the reasons for the failure to make deliveries, we did, I note from the record, ask Secretary Lovett, and he gave us this summary statement of the reasons.

Mr. DOUGLAS. I am informed that the unexpended appropriations for domestic armaments at the end of this year will aggregate almost \$55,000,000,000.

Mr. SMITH of New Jersey. I will say to the Senator from Illinois that the point he has made is the same as the one made by me in my remarks a week ago. I stated at that time that I was confident that if the Foreign Relations Committee and the Committee on Armed Services looked into the matter and they and the Department of Defense could get together and think in terms of amounts definitely obligated and which remain unobligated, we could save in the fiscal year 1953 seven or eight billion dollars. That was my conclusion, and I believe it can be substantiated. I imagine, from what the distinguished Senator from Illinois has said, that he would be glad to cooperate, rather than to favor cutting another billion dollars from the mutual security bill, which has to do with our foreign program.

Mr. DOUGLAS. What I am trying to develop is the enormous amount available in the hands of the Department of Defense. They have approximately \$55,000,000,000 of unexpended appropriations for domestic defense, to which they are proposing to add \$52,000,000,000 more, or a total of \$107,000,000,000 which they wish to have available. They had available at the end of January \$12,000,000,000 for foreign aid, most of it being for military assistance, and they say that by the end of June they will have \$9,000,000,000 available. I think they will have to proceed much faster in the next 30 days than they have in the past if the unexpended balance is to be used.

They are asking for \$8,000,000,000 which has been whittled down to approximately \$7,000,000,000, and on top of that, approximately \$16,000,000,000 for foreign aid.

Mr. President, I have been reading recently the history of the Civil War. There was a young general by the name of McClellan, who, in 1861, until after the peninsula campaign, was the generalissimo. He commanded at the Battle of Antietam. He was constantly calling on President Lincoln for supplies—horses, mules, ammunition, and men—but he was always reluctant to move. I am wondering if the Department of Defense is not a little bit infected with McClellanism, constantly asking for money, money, money, but not possessing a great deal of the sense of urgency to produce results.

Mr. SMITH of New Jersey. If I may distinguish between the Mutual Assistance Program, which has to do with the program of getting divisions organized and equipped in Europe, and the program on the home front, I think the Senator from Illinois and I share the same view. We confront the problem

of having materials made and delivered. On the other hand, we are not on a full wartime basis; we are between a full wartime basis and a half wartime basis; and we are in great difficulty in dealing with the problem. As I said a moment ago, we are only approximately 50 percent up to our obligations at this time.

Mr. DOUGLAS. Has the fault been the lack of appropriations by Congress, or lack of results on the part of industry and the Armed Forces?

Mr. SMITH of New Jersey. Of course, it has been the latter. There have been ample appropriations; there can be no doubt about that.

Mr. DOUGLAS. Yet every effort is made to place the responsibility on Congress for its failure to appropriate. Congress has been pouring out money.

Mr. SMITH of New Jersey. I do not quarrel with that statement, but I want to see the authorization for the program developed at Lisbon carried out, so that we shall not allow our allies abroad, who are moving ahead, to become discouraged. The worst thing we can do at this moment is to let them get the feeling that we are dragging our heels.

Mr. DOUGLAS. Is not the test whether we produce results—not the question of how much we appropriate on paper, but how much stuff we actually send to the countries overseas?

Mr. SMITH of New Jersey. That is correct. If we authorize the program, we should follow through with the appropriations and see that the goods are produced and delivered abroad.

Mr. DOUGLAS. Is there not also a responsibility on the part of the Department of Defense to see that the goods are produced and shipped?

Mr. SMITH of New Jersey. That is correct; I agree with the Senator. I am glad he made that point.

Mr. DOUGLAS. The Senator from New Jersey, I believe, has properly made the point that the so-called foreign-aid program and the domestic-defense program are really interlocked.

Mr. SMITH of New Jersey. That is correct.

Mr. DOUGLAS. Would he approve of, let us say, a possible further cut in foreign aid, with the proviso that if the National Security Council believes that equipping foreign divisions is more important than further equipping our own, there could be a transfer of funds between the domestic-defense appropriation and the foreign-aid authorization and appropriation?

Mr. SMITH of New Jersey. I will say to the Senator that from the careful study which was made—some us went abroad to confer with our allies—I felt when the reduction of \$1,000,000,000 was made that I should recommend 10 percent as being the absolute limit we dared to go without jeopardizing the program. Maybe some compromise can be worked out, as the Senator suggests, but I feel that I must defend the recommendations of the committee, because I think we arrived at a sound conclusion. I do not know whether that is a satisfactory answer to the Senator's question, but I sincerely hope there will be no further reduction.

Mr. DOUGLAS. If there were a reduction, any evil effects could be mitigated by a transfer from the domestic-defense appropriation to the foreign-aid program.

Mr. SMITH of New Jersey. I think that would have to be explored. With the continuation of the hot war in Korea I would give priority to getting end items to Korea to protect our boys there even at the expense of having partly equipped divisions in America.

Mr. DOUGLAS. That could be left to the judgment of the National Security Council.

Mr. SMITH of New Jersey. Yes.

Mr. President, in connection with the debate we have just had, there has been handed to me a memorandum on the deliveries of end items under the Mutual Security Program, and I should like to read it into the RECORD if the Senator from Illinois would like to have me do so. It is very short.

Mr. DOUGLAS. I should like to have the Senator read it.

Mr. SMITH of New Jersey. The memorandum is furnished by the Mutual Security Agency and reads as follows:

DELIVERIES OF UNITED STATES END ITEMS UNDER THE MUTUAL SECURITY PROGRAM

Although the delivery rate of military matériel under the Mutual Security Program was hard hit by combat demands in Korea and by difficulties in the United States production program, a sharp upswing is now apparent.

Through March 31, 1952, the Department of Defense had supplied \$1,925,000,000 worth of military supplies and equipment as grant aid to eligible foreign countries, including \$433,000,000 of excess stock. Thus, the average monthly shipments of matériel from new procurement since the start of the program through the end of March were worth about \$57,000,000. In March of 1952, matériel to a value of \$129,000,000 (including \$17,000,000 from excess stocks) was shipped. This increase is not an isolated occurrence; it represents a trend which may be expected to continue.

In terms of measurement tons, the cumulative total, world-wide, as of April 30, 1952, was 3,069,900, not including 311 aircraft and 55 vessels delivered under their own power. Thus, the monthly average is about 113,700 measurement tons, in comparison with the April 1952 figure of 246,550. April shipments could be represented by the departure from United States ports of over one 10,000-ton vessel completely loaded with military equipment every working day during the month of April.

Major items of equipment shipped in April included 1,053 tanks, 7,189 motor vehicles, 501 pieces of artillery, 136 aircraft, and 43 vessels. These figures could be compared with 1,251 tanks, 3,953 motor vehicles, 310 pieces of artillery, 185 aircraft, and 5 vessels in the preceding month and with average monthly figures since the start of the program of 376 tanks, 1,559 motor vehicles, 458 pieces of artillery, 70 aircraft, and 14 vessels.

I think that is an important statement to have in the RECORD.

Mr. President, I yield the floor.

EXHIBIT 1

[From Business Week of March 22, 1952]

WHAT ABOUT THE FOREIGN-AID BILL?

Big decisions are seldom easy to make. The foreign-aid legislation now before Congress is a good example.

President Truman has asked \$7,900,000,000 for defense, defense support, and point 4 assistance to our allies in the next fiscal year. The reaction by and large has been unfavorable. Many Americans wonder if the promised end of foreign aid is ever to come. They feel that foreign aid is being accepted as a permanent budget item both by our Government and by our allies. There is real and justified concern evidenced by the recent statement of the United States Council of the International Chamber of Commerce, that this emergency aid is acting like a narcotic, dulling the senses of foreign governments to the critical need for economic and financial reform. Aggravating the situation is the apparent willingness of responsible citizens in some of those countries to indulge in a kind of diplomatic blackmail: Continue your aid, or we will be powerless to build our defenses against communism.

These concerns alone would make the going hard for any new foreign-aid bill. But other factors add still more trouble. There is lack of confidence both in Congress and in the country in what the President and his Secretary of State say is necessary. Congressmen also recall that, even after the Korean war started, the President proclaimed that Marshall-plan recovery in Europe a great success a year and a half and \$5,000,000,000 ahead of schedule. To the confusion about Europe's real economic condition is added the President's discount of the immediate Russian threat implicit in stretching out our rearmament program by a full year.

WHERE THE AX IS AIMED

These facts form the background from which have come demands for big cuts in the Presidents' \$7,900,000,000 request. The principal target for the slash is the economic aid section, \$1,800,000,000 of which \$1,400,000,000 is earmarked for the NATO countries. The argument is made that these nations are back to prewar levels of production and, therefore, our help should be limited strictly to military items.

This point is straightforward enough, but the problem stubbornly remains. In the first place, the distinction between military and economic (or defense support) aid is largely a fiction. True, a machine-gun is not the same as a bale of cotton. But the economics of the situation is simply this: The standard of living and the rate of rearmament at any given time in the NATO countries is determined by their internal resources and the help we give them. Less assistance can only mean, in the short run, less rearmament or a lower living standard.

What upset the appletart and caused trouble was the Korean war, which forced these countries to devote a larger slice of production to defense. This threatens living standards that are not yet high enough to take a cut-back in favor of rearmament without trouble.

BAD TIME FOR RETRENCHMENT

Certainly, the time could scarcely be worse for deliberations about what our long-run foreign aid policy should be. Britain's Chancellor of the Exchequer has just revealed that her reserves of gold and dollars are below \$1,800,000,000, off more than half a billion dollars in the first 2 months of this year. A conservative government in France is trying to get its roots down in an atmosphere of economic crisis. The European army plan is just emerging.

The issue, it seems to us, is whether we are prepared to face the consequences of a drastic cut in the foreign-aid program now by, say, eliminating all economic aid.

Such a cut means that something in the economies of our allies must give. Is Britain, with a meat ration of less than 20 cents per

week, going to pull in her belt some more? Probably not. The more likely result is a cut in the British arms program. That will certainly be the reaction in other countries as well. It should be understood, too, that the cut-back in their defense programs would be more than the reduction in economic aid, since our supplying a critical item can increase their arms output by an estimated \$2.50 for every \$1 of help. And this cut-back would come at a time when the Russians have just announced a bigger arms budget than ever before in peacetime. Are we prepared to face this consequence?

Such a cut would probably put many of our allies in the position of being forced to resume or expand trade through the iron curtain. Are we prepared to face up to this consequence?

Such a cut might well be the straw that breaks the ability of France to carry on the costly war in Indochina. If Indochina should go by default, that would mean the end of a free southeast Asia, and it would ultimately mean huge American outlays to sustain the economy of an isolated Japan. Are we prepared for this?

These consequences are compelling. They illustrate why the decision before Congress is difficult. They counsel extreme caution in slashing foreign aid drastically at this time. It may be that the way to cure a convalescent is to deny him care and medicine. But it can lead to a relapse. Contributing to a relapse now among our allies is a big risk to run. It is a risk we should not run. But as we move to meet the problem of the immediate future, we, together with our allies, must summon up the intelligence and energy to find a lasting solution to restore them to economic self-reliance.

EXHIBIT 2

[From the Washington Post of April 30, 1952]

SENSIBLE TRIMMING

If the mutual-security bill had to be cut, the Senate Foreign Relations Committee picked a wise way to do it. In paring the over-all request of \$7,900,000,000 by \$1,000,000,000, or 12.66 percent, the committee applied the reductions pretty much across the board instead of heavily to individual items. Moreover, it left untouched the provision for a 10-percent transfer of funds from one category to another within any particular geographic area. This would enable the administration to meet the most urgent needs and parcel out the cuts where they could best be sustained.

Particularly fortunate, we think, was the decision to retain \$1,500,000,000 of the \$1,800,000,000 for defense support. This is much more than is implied by certain Members of Congress by the much maligned phrase "economic aid"; it has a direct bearing on what the countries of Western Europe will be able to contribute to defense. To take just one example, France is producing a good jet fighter plane, the Mystere, which is said to be the equal of the Russian MIG-15. This production, however, is a heavy burden on the French economy, and there has been some indication that France cannot support the number of divisions she has promised and continue manufacture of the Mystere at the same time. Defense support funds will enable her to do both.

The bill, of course, has passed only the first hurdle, the authorization rather than the actual appropriation has been approved in committee, and the full Senate must pass on both. We hope that other legislators will be as judicious as the Foreign Relations Committee, recognizing both the need for prudent economy and the fact that certain commitments are irreducible. What is imperative to keep in mind is that the contri-

butions other countries are able to make to the joint defense are closely keyed to what the United States itself does.

EXHIBIT 3

[From the Christian Science Monitor of May 10, 1952]

HOW MUCH CUT IN ARMS AID?

The prevalent American mood—and it is a healthy one in view of the need for national economy—is not to assume that any part of the Federal budget is sacrosanct or immune from possible reduction. Though we believe foreign military and technical aid are of great importance to defense of the United States and the free world, we are not disposed to insist that the full \$7,900,000,000 requested by President Truman and the administration for that purpose must be appropriated at all costs.

It does appear to us, however, that the \$6,900,000,000 which the Senate Foreign Relations Committee proposes probably represents the bottom level to which that fund can be cut with safety. This deduction is reinforced by the judgment General Eisenhower has expressed to Senator CONNALLY, the committee chairman, in answer to the latter's inquiry.

The allied commander in Paris says that while any cut would retard the build-up of forces, moderate cuts can be absorbed without critical damage, but that substantial reduction in finished military items would slow up the equipping of divisions and reduction in defense support would have a peculiarly adverse effect. Defense support includes the supplying of raw materials for munitions to be manufactured in Europe. It is crucially important in France just now.

The Senate committee's plan would make an across-the-board cut in aid totals, military or economic, for all regions, Europe, Asia, Africa, the Near East, and Latin America, while leaving an administration authority to reallocate up to 10 percent of the various categories according to need. This seems preferable either to a reduction concentrated on the European portion of the funds or to a cut of around \$2,000,000,000 or more, which some advocate.

General Eisenhower recognizes explicitly the importance of America's solvency to her own security and the need of balancing the obvious risks of attack against the equally obvious risks of ruinous spending. The attainment of a secure military posture could be delayed somewhat and the stress of rearming be leveled out a bit if America and her allies were absolutely and irrevocably committed to carrying through. But do those who propose deeper cuts mean correspondingly to prolong their efforts?

"My own belief," says the Allied commander, "is that this purpose (ultimate establishment of security and peace) will become more expensive if it is unnecessarily postponed, dragged out, and delayed." This is the expert opinion of a military administrator; but it coincides with the probabilities that a weak American showing in Europe would promote neutralism there whereas vigor in that area is visibly attracting vigor.

American production, it may be noted, has kept up so well with the demands for civilian goods and armaments at the same time as to allow some relaxing of anti-inflation controls. From this it looks as if America can carry a \$6,900,000,000 foreign-aid and security program without undue strain.

EXHIBIT 4

[From the New York Times of May 26, 1952]

CUTTING CORNERS ON A DANGEROUS ROAD

(By Anne O'Hare McCormick)

With the signing today of the treaty giving virtual independence to West Germany the

second phase of the struggle for Europe begins. No seasoned observer of the war-shadowed stage on which we live and act, each playing his infinitesimal part in the great drama, doubts that the solemn scene in Bonn this morning is the curtain raiser on a new and climactic act.

Bonn is a frontier town. On the western bank of the Rhine, it is a long way from Berlin and those eastward pulls that have always divided this restless middle ground of Europe, though less than ever before, perhaps, during the present period of actual dismemberment and Russian power. Bonn is the capital of the Germany that looks westward, currently the dominant Germany; but it is a provisional capital of a provisional state, and it would be foolish to pretend that the decision registered today, the most momentous since the war, will not have consequences, for good or ill. For the Germans and the Western Powers it is a calculated risk.

The Bonn treaty marks a turning point in western policy. The three governments responsible for the occupation and revival of West Germany have not reached this turn without disputes, misgivings, and back-tracking. Even now France goes along with her partners conditionally and with fingers crossed. It is clear to all the contractual parties, and to the Germans most of any, that the road they open is beset with known dangers and unknown ambushes. But doing nothing and allowing the Russians to take the initiative in filling the power vacuum in the center of Europe is even more dangerous. It is a gamble for the highest stakes. If Korea and Berlin, or Japan and Germany, are focal spots in a conflict as fateful as we believe it to be for the future of mankind, then the choice is between playing boldly with all the cards available or letting the Kremlin win the game.

CRITICAL PHASE TO COME

It is certain that with today's action we enter the most critical phase of the cold war. The decisive battles lie ahead, and these battles require all the visible strength, unified policy, and reserve force the Western World can muster. This is so obvious that it is frightening to perceive Congress and large sections of the American public thinking and acting as if the contest were over and there is no need either to step up our own defense effort or to push and prod our allies in the Atlantic Pact to fill up with arms and men the wide gaps in the thin front line that tempts the aggressor to move through.

It is almost incredible that Congress should choose this moment of crisis to slash at the Mutual Security Program. The arbitrary cuts made in the items of economic aid, designed to enable European nations to manufacture their own arms, are the least justifiable of all cuts, and the most extravagant, on our part. But even if they are justified, nothing could be more ill-timed and irresponsible, in terms of American interests, than to broadcast them at this point. Our main concern just now is to strengthen the majority in Western Europe, which stands with us on the defense program—which stands in front of us, as far as that goes. This majority is being constantly harassed and undermined by a noisy minority crying out against the crushing burden of rearmament and against making Europe the battleground for the Russian-American war. These non-Communist opposition groups will be as delighted as the Communists at signs that the United States is reducing its support of the arms program.

DEFENSE IS THE LOSER

Besides the incredibly bad timing there is the question of how much the whole NATO program will suffer if we begin to knife it. At Lisbon the members were persuaded to agree on a \$14,000,000,000 armament budget for 1953 based on a specified

amount of aid from this country. If our aid is cut, their appropriations will be pared down also, with the result that the goals will have to be lowered all around and we shall lose in general defense far more than we save.

To lower the goals is courting disaster. It is all very well to say, as increasing numbers of Americans are saying, that aid to Europe "can't go on forever." Certainly it cannot, and quite as certainly defense expenditures can be pruned without impairing their effectiveness. Several objective surveys have demonstrated where savings can be intelligently made. But the overriding fact is that the period of greatest peril is approaching, and the one thing we cannot afford is to deceive ourselves or discourage others by so much as a hint that the strain can be lessened, when in fact it must be increased. The political and psychological effect of the congressional attitude, particularly if it spreads the idea that we are more interested in the party contest at home than in the world contest, could crack the ramparts we are building up at such cost.

They are still only a framework to be filled in. The West is nowhere near the safe plateau of preparedness or the peak of expenditures for defense. The pressing problem is how to get there with the least possible delay. Beyond every other consideration is the necessity of quickening the pace so that there will be force in the West to make the free nations feel secure enough to assume the diplomatic, political, and moral lead which they cannot back up when they are physically weak. There's not much sense in making a great noise about cutting corners until you have enough wind to round the big corner looming menacingly just ahead.

Mr. WELKER. Mr. President, I have noticed that during the debate on the very important bill which is now the unfinished business of the Senate there have not been 10 Senators on the floor at any time; therefore, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FERGUSON in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WELKER. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded, and that further proceedings in connection with the order be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

ECONOMY IN THE 1953 FISCAL BUDGET

Mr. BRIDGES. Mr. President, in my office in the Senate Office Building, I have, like most of my colleagues, several special files. In one of them is a folder which has a little blue label reading "The Butters."

"Butters," in the English language, is the designation of a new group of people.

Mr. GEORGE. Mr. President, would the Senator mind repeating the word?

Mr. BRIDGES. "Butters." I may say to the Senator from Georgia that I shall explain it as I go along. It is a new concoction that has been developed in the language of America. It might be concerned with food or agricultural matters, or something like that, but really it is not.

This special folder keeps letters from the "But people." Senators know whom I mean. I mean the folks who are for,

or against something, "but" not as it concerns themselves.

Most of the letters going into that file nowadays come from folk who are for economy, but not as it affects something which they personally want from the Government. They say, "Get the budget down to a reasonable level, but don't cut this item from the defense requests," or "Economize, but don't eliminate this special agency under the Independent Offices budget," or "Cut costs, but wait until next year before doing anything."

Most Senators have many "but" people in their States. They are developing all over the country, not by the hundreds, but by the thousands, the ten thousands, and for all I know, by the millions. The people of my State are no different. I think they are a little more conservative "butter" than are to be found in some other sections of the country and I think there are fewer of them in my State. I wish to read a letter which I have received from one of these people:

DEAR STYLES: I understand Harry is asking for quite a lot of money again. That means I'll be working into May to pay my taxes. Up to now I could work for myself after the middle of April.

Now, listen here. You know what a name you've got for stopping this sort of thing. We want our money's worth when we spend anything. Give 'em hell, STYLES, and tell them to stop spending money like a drunken sailor. That's our dough they're talking about and we'd like to spend a little of it ourselves.

Yours,

I omit the name of the writer.

Then there is a postscript:

P. S.—When you come to the money for CPS, remember my brother-in-law is still working for them and you know how hard it is to make him work at all. Fact is, he says he still doesn't do so much down there, but the pay is good. If I can keep him on the payroll anywhere, I won't have him up here on my money. He got the job through one of Harry's boys which is bad enough, but don't let's do anything that will get him out of work now.

That is a letter from a personal friend. I omit the name of the man who wrote it, because he is a good citizen. However, he is a "butter."

That is one example of the "but" letters, and it comes from my State. However, I will say that New Hampshire has fewer "butter" than most of the other States. The writer is for economy, but he does not want us to do anything which would take off the payroll one special person among the 2,535,891 Federal civilian employees who are increasing at the rate of 500 a day.

The "but" people are amusing, and they are confusing. They do not fool me, and I do not believe they fool other Senators, particularly those on this side of the aisle. They should not fool us.

The trouble with the "but" clan is that they do not want to face up to the issue. They know that something must be done, or should be done, about the spending "smog" which has been raised around our national operations for the past 20 years. But they have not the courage to surrender their own little whims or selfish desires for the common good of the Nation.

The tragedy of the "but" people is that they do not seem to realize that the longer they put off action the tougher will be the day of reckoning which we all know is inevitable. We know that we cannot avoid settling accounts. We have only to look at history to realize that. Throughout the story of man, nations have tried to use a charge account to ease their way to power and prosperity. Just as night follows day, history shows that such governments have been wrecked by their own loose fiscal policies.

Since 1933 this Nation has been on a spending rampage which was first aimed at restoring prosperity; next it was to win the war. For a brief period it was to maintain so-called good times. Now the object of all the spending is to keep us strong.

I have no quarrel with any of those objectives, if they are truly the aims of the program. But I am firmly convinced that the main purpose of this dollar delirium has been to maintain the Democratic Party in power. If ever there was evidence to support that conviction, it is in the budget which is now before this session of the Congress.

There are some who will quarrel with that conviction. But before they attack me, I suggest that they consider this statement:

We advocate an immediate and drastic reduction of Government expenditures by abolishing useless commissions and offices, consolidation of departments and bureaus, and eliminating waste and extravagance to accomplish a saving of not less than 25 percent in the cost of Federal Government.

Well do we remember that language. It is a direct quotation from the Democratic platform of 1932, the one on which the Democratic Party came into power back in that year. They proposed to eliminate all waste in Government, reduce expenditures, to eliminate duplicating departments, and accomplish a saving of not less than 25 percent in the expenses of Government. That is the program on which they came into office.

Let us look a little further. If anyone doubts my statement that the spending program was generated with a view to the party remaining in power, try to reconcile this platform pledge with the fact that on pages 100 and 140 of the current budget proposal there is listed an expenditure of \$1,337 for land and structure, under the title of NRA. Imagine that, Mr. President. The NRA was declared unconstitutional by the Supreme Court of the United States 17 years ago. Yet the President sends up a budget this year with an item in it for NRA, which was supposed to go out of business 17 years ago. It is called "a tight budget, an accurate budget." That is "bunk," when there is an item in it for the NRA, which was declared unconstitutional 17 years ago.

The pledge of economy which the Democrats made was never fulfilled. The promise made by one of the leading apostles of the early New Deal, the late Senator Joseph T. Robinson of Arkansas, floor leader of the Democrats during the early years of the Roosevelt regime, has never been fulfilled. According to the

CONGRESSIONAL RECORD of May 21, 1933, Mr. Robinson said:

It is my conviction, and I am convinced that this conviction is shared by millions of my countrymen, that there is more than hope in the action which the Congress has taken in complying with the President's suggestion that he be given the power to effect the economies which we must have through the application of general principle clearly defined by law. There is promise that we shall reach the objective—balancing of the Federal budget—so sorely needed and so grievously and dangerously delayed by the previous administration. The day of fulfillment cannot come too soon.

Think of that. That was the statement of the Democratic leader who was one of the predecessors of the distinguished Senator from Arizona [Mr. McFARLAND]. He was the Democratic floor leader at the time when the Senator from New Hampshire first came to the Senate.

The statement of Mr. Robinson, the Democratic floor leader at that time, and the statements of Mr. Roosevelt and Mr. Truman each year when they delivered their messages to Congress—and I have gone over them—remind me a good deal of Mark Twain. On the occasion of a certain New Year Day, when he was considering New Year resolutions, he said, "This year I am going to live within my income, even if I have to borrow money to do it."

Mr. Roosevelt, Mr. Truman, and all the other gentlemen directing the affairs of this administration for the past 20 years have taken a leaf out of Mark Twain's book. They were determined to live within their income, even if they had to borrow money to do it; and they have borrowed plenty.

Mr. McFARLAND. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I shall be glad to yield if the Senator from Arizona has something to contribute.

Mr. McFARLAND. I have nothing to contribute. I should like to have a little more information. I was not in the Senate in the dark days of 1933. I wonder whether the Senator from New Hampshire would mind telling me whether he voted for the appropriations back in 1933.

Mr. BRIDGES. Mr. President, back in 1933 I was not here either. That was a little bit before my time. I was not elected until 1936. I was not here during those early days. But we can all remember the voice of that great master Franklin D. Roosevelt when he went on the radio. His voice would bring chills to Americans when he spoke about our need to live within our income, like any prudent family, and when he spoke against loose fiscal policies. I did not become a member of the Senate until the 3d of January 1937. When I entered the Senate I was starting to become rather disillusioned. Each year I became more so.

Mr. McFARLAND. Mr. President, both of us, then, are free to comment on 1933, 1934, 1935, and 1936 as to what we might have done.

Mr. BRIDGES. That is correct. In a few minutes I shall come to the years when the Senator from Arizona

and I became Senators. I wanted to give some background first.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. LEHMAN. I believe that the Senator from New Hampshire was Governor of his State at the time I was Governor of my State. I wonder whether the Senator recalls that in the days of 1933, 1934, and 1935, 15,000,000 people were out of employment, and the country was on the verge of collapse.

It was only because of the leadership of the then President of the United States, Franklin Roosevelt, that the millions of unemployed in the main returned to work, and that the solvency and the effectiveness of the Nation were saved. I wonder whether the good Senator from New Hampshire recalls that fact.

Mr. BRIDGES. I recall a great deal about those days, let me say to the Senator from New York. I remember, too, that as we edged out of an era of spending, what brought prosperity to the country—and it was a phony prosperity—was World War II. The cost of World War II was in the hundreds of billions of dollars and the loss of hundreds of thousands of American lives. World War II was the contributing factor to our so-called prosperity in that era, just as now, since the development of the Korean situation, in which we have suffered almost 115,000 casualties. No one need talk to me about Democratic prosperity, because it is phony prosperity.

Mr. HICKENLOOPER. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. HICKENLOOPER. On the point about the so-called return of prosperity, I should like to invite the Senator's attention to certain facts. I had occasion to check into this subject a few days ago. Under the Republican administration, beginning in 1921 and through 1932, the average national income was sixty-nine-plus billion dollars a year.

Mr. Roosevelt took over in 1933. He was going to save 25 percent and cut down on Federal employment, balance the budget, and so forth. During the peacetime years, and during his complete control of the economy, because of a subservient Congress, from 1933 through 1939, which were the peacetime years of Mr. Roosevelt's reign, the average national income was \$58,500,000,000.

It was \$10,500,000,000 less a year under the magical influence of President Roosevelt than it was in the peacetime administration of the Republicans, including that terrible year 1932, about which we hear so much and which was such a bad year.

Not only was the annual national income during the stewardship of the Democrats, under their management of the Nation's economy, \$10,500,000,000 less than under the Republican administration, but there was an increase of more

than \$20,000,000,000 in the national debt, which was money borrowed from the accumulation of the public and pumped into savings by way of leaf-raking and other made and false programs of work.

Mr. President, Senators on the Democratic side of the aisle talk about prosperity, but the Senator from New Hampshire is absolutely right when he says that they never brought prosperity under a self-sustaining and self-supporting economy until they put a million men in uniform and gave them a year's training and began to let war contracts and to force the economy in order to get us into World War II.

We have lived on hysteria and fear and threats to the economy to the United States which emanate from the White House periodically. We suffered a million casualties in World War II, and we have suffered approximately 200,000 battle and nonbattle casualties in Korea. Now we have the fear of world war III, and we have borrowed money being pumped into the economy every year. I wanted to know whether the Senator from New Hampshire was aware of those facts.

Mr. BRIDGES. The Senator from Iowa has made a very able contribution to the debate. I was not aware of the fact that the income level during the years of the magical Roosevelt touch was on a lower level than when he took over.

Mr. HICKENLOOPER. It was lower by more than \$10,500,000,000 in national income each year during the peacetime operations from the time the Democrats took over.

Mr. BRIDGES. Then came the heartaches of the mothers and fathers of America whose boys marched off to war.

Mr. HICKENLOOPER. The Democratic administration climbed to false prosperity on the bodies of dead sons.

Mr. LEHMAN. Mr. President, will the Senator yield for a question?

Mr. BRIDGES. I yield.

Mr. LEHMAN. I wonder whether the Senator realizes that in 1932 the national income had fallen to \$38,000,000,000. I wonder whether he remembers that today the national income of the country is more than \$300,000,000,000. The Senator has referred to edging out of the depression. It sounds to me as though he regrets and begrudges the fact that we got out of the depression. It sounds as if he would have preferred to have us remain in the depression and to have 15,000,000 people out of employment and to have the national income at \$38,000,000,000 a year, and thus travel the high road to complete destruction. That is the way it sounds to me when I hear the distinguished Senator from New Hampshire speak on that subject.

Mr. BRIDGES. The Senator from New York can interpret my remarks as he sees fit. However, we have a national debt of approximately \$260,000,000,000, which I know is a greater national debt than that of all other nations on the face of the globe combined.

Mr. MARTIN. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. MARTIN. Is it not correct to say that after World War I, when we were preparing for World War II, there were more than 12,000,000 unemployed in the United States?

Mr. BRIDGES. Yes. That is the prosperity to which the Senator from New York refers. I know unemployment was approximately the same after the magical touch of Mr. Roosevelt had been employed and during the New Deal spending spree prior to World War II as it was in the stormy days of 1932 to which the Senator from New York has referred.

Mr. MARTIN. Mr. President, will the Senator from New Hampshire yield further?

Mr. BRIDGES. I yield further.

Mr. MARTIN. Is it not correct to say also that a part of the large income we now have is in depreciated dollars, because the dollar is now worth half of what it was worth at the time the New Deal administration began?

Mr. BRIDGES. I think the Senator from New York forgot to state that fact when he referred to our huge national income. Apparently he forgot to say it was in 50-cent dollars. I had intended to speak on that point a little later in my remarks. However, we may as well discuss it now. It should be remembered that the phony prosperity we have now and the huge national income to which the Senator from New York has referred is based on a 50-cent dollar.

Mr. JENNER. And bloody dollars at that.

Mr. BRIDGES. Bloody dollars; yes.

Mr. LEHMAN. Mr. President, will the Senator from New Hampshire yield further?

Mr. BRIDGES. I yield.

Mr. LEHMAN. I am very much amused when I hear about the great national debt. I regret the great debt. I was very much surprised, however, that the distinguished Senator from Iowa should talk about our casualties in World War II. I regret those casualties; personally, I felt them very deeply. But does the Senator from Iowa or the Senator from New Hampshire now maintain that we should have sat idly by and not fought against the Nazi menace, or not fought against the Japanese menace, or not fought when we were attacked at Pearl Harbor and other places? Such a contention simply does not make sense to me, Mr. President.

Does the Senator from New Hampshire believe that the American people repudiated what was done in 1933, 1934, 1935, and 1936 by the great leader of democracy, a man I admire above all others, Franklin D. Roosevelt? Does the Senator from New Hampshire recall the Landon-Roosevelt election in 1936, when Mr. Landon carried only two States, and President Roosevelt carried all the others? Does the Senator from New Hampshire forget that election? Does it seem to indicate that the American people either repudiated President Roosevelt or were dissatisfied with his administration?

Mr. BRIDGES. Let me say to the Senator from New York that I remember very well those days in the late thirties, when Member after Member of the Senate of the United States was voting against preparedness for this country.

Let me say to the Senator from New York and to others, that, in 1937, I submitted a resolution calling for stopping the shipment of scrap iron, steel, and oil to Japan, because I saw the Japanese menace coming. But what happened? Mr. Roosevelt and his administration opposed that resolution; representatives of his administration appeared before the committee hearings and opposed my resolution to stop the shipment of scrap iron and oil and steel to Japan. They said we must not offend that great, friendly country. What happened, Mr. President? The scrap iron and steel came back at us when they were shot into the bodies of American boys. Although I tried to prevent the shipment of oil and aviation gasoline, to Japan, nevertheless they were sent, and the aviation gasoline was used in flying the planes which attacked Pearl Harbor and bombed our fleet there and killed thousands of our boys.

I remember all that. Mr. President, I remember, too, that there were times when I stood almost alone on the floor of the Senate in opposition to some of the proposals of the Democratic administration which it seemed to me would lead to disaster.

What bothers me today is the blindness of some of those who are guiding our country's affairs at the present time, when we are going through a similar period.

Does anyone believe that we do not have as much to fear today? Should not we clean out the Government departments? Should not we recognize and combat to the utmost the Communist menace?

I recall when I stood on the floor of the Senate and protested against having the armed services declare as surplus many articles which were needed for the defense of our country, and when the heads of various of the Government's agencies said, "Oh, no; we shall never need this material, because we have nothing to fear. Russia is a great, friendly power, and is working on our side; we are working with Russia hand in hand." At that time some of us were taken to task by Senators on the other side of the aisle and by the administration's spokesmen, who said we were trying to stir up trouble with a great friendly power.

Mr. President, I am glad that some persons' eyes are being opened today.

Let me say that a few years ago it was not very popular for a Senator to raise any question about Russia and communism. However, I did that. I did not run around making speeches to Soviet-American associations in this country, as some others have done. I did not attend meetings at which some of the Soviet groups were sponsoring friendship pacts, as some persons in this country did.

If it is desired to go into any of those matters, I can dig from the records of reputable journals, articles and state-

ments which show that prominent persons in the United States, some of them aspiring to high office, and some of them holding high office, have gone along in years past hand in hand with the Soviet spokesmen in this country. If we begin to dig into some of those matters, plenty of material can be uncovered on which we can really start to talk here.

Mr. President, I wish to speak a little more about those who merely pay lip service to economy, those who say, "I am entirely in favor of economy, but—" Some of the persons in that group have constantly said that many things were accomplished because they planned it that way. That is most interesting, Mr. President.

As I said, one of the most popular words today is the word "but"; it must be popular because it is so widely used. Time after time we hear various persons in our country, some of them in high office, say, "I strongly favor economy, but."

Mr. President, the most difficult word to say today in the United States is the word "no." I commend the Members of the Senate who have the courage to rise on this floor and oppose some of the wild spending plans, and to say "no" when such plans are advanced. The word "no" is a word of only two letters, but evidently those letters have been dropped from the alphabet which is used by some of officialdom in Washington today.

THE PLAN FOR A BALANCED BUDGET

Mr. President, now let us consider the budget. For many years a balanced budget has been promised. The day of fulfillment finally came, and came only once during the long, 20-year siege of spend and spend and tax and tax. The budget was balanced, but it took the Republicans to do it. Yes, the Republicans, when in control of the Eightieth Congress, made ends meet for the first and only time since 1933, and they accomplished that great job because they planned it that way. The balanced budget did not come about by happenstance. It was not mere coincidence. It resulted from study, hard work, and determination. It is always easier to spend; it is always easier to conduct giveaways. It is always difficult to say "No."

The Republicans said "No" because they felt it was their duty to do so. As a result, the budget was balanced, and we had a surplus which was used to cut down our national debt; and, with all that, we were still able to reduce taxes, which meant a great deal to our citizens. The Republicans did this because they really wanted to. Having the will to do it, they worked at it, and they accomplished their goal.

Would you say the administration now has the will or the determination to stop spending, to make an attempt to balance the budget, to avoid raising taxes? Take a look at the budget and tell me.

Yes; take a look at the budget and remember the provisions of the Reorganization Act relating to economy. Take a look at the budget and remember the pledges of the Democratic Party. Take a look at the budget and reflect on the fact that one-third of our national in-

come is now devoted to operating government at all levels.

I challenge anyone to give us concrete evidence that there has been a sincere effort to balance the budget for the fiscal year 1953. This has been described as a tight budget, as an honest, minimum budget geared to national defense. Can that be a fact?

If so, Mr. President, listen to the item I am about to mention. I have stated that in the budget document there is a reference to the NRA, which 17 years ago was declared unconstitutional. So just listen to this one: Included in the budget now requested there is an item of \$100,000 for the National Capital Sesquicentennial Commission. You remember that outfit, Mr. President? This is the group which made an abortive attempt to operate a semblance of a World's Fair in Washington during 1950. No doubt most people believe this agency expired at the end of the sesquicentennial—but not at all. If we look at the "tight, minimum budget," we find that the Commission still has several employees and plans on continuing during fiscal 1953.

If this budget is geared to national defense on a "tight, minimum" basis, how can the President ask for \$300,000,000 as a preliminary estimate for Federal aid to education, or \$30,000,000 for a scholarship project, or \$15,000,000 to start the St. Lawrence seaway, or more than \$36,000,000 for additional radio facilities for the Voice of America, or \$15,000,000 for a preliminary estimate for a District of Columbia dispersal plan?

Balance the budget? I tell you, Mr. President, that was never in the administration's mind. Reduce taxes? On the contrary, the plan is to boost them still higher. Keep an eye on the debt limit? Well, I wonder about that one.

You know the debt limit is now \$275,000,000,000. The end of fiscal 1952 will find our actual debt limit at \$260,000,000,000. By the President's own estimate, at the end of fiscal 1953, this Nation will be \$80,000,000 from the boiling point beyond which the law says we cannot go. With only that cushion left by the budget we are now considering, I would say the administration definitely had an eye on the debt limit. What was in the mind, however, Mr. President, I will leave up to you.

HOW MUCH IS A BILLION?

Only a few years ago, a million dollars was quite a sum of money. It was airy, indefinable; and we could not even imagine just what a million dollars looked like. But it was a lot of money, we knew. Today in administration terms a million dollars is a trifle to pass over on the road to billions.

The word "billions" is a tough one, too. What does a billion dollars look like? If we cannot imagine the size of a million dollars, how much less likely are we to focus on a billion?

I am not talking about a hundred dollars, nor about thousands of dollars, nor tens of thousands of dollars, nor hundreds of thousands of dollars, nor millions of dollars, nor hundreds of millions of dollars. I am talking about billions of dollars; and, a billion dollars is a thou-

sand million dollars. I think that points up some of the trouble behind the "but" people we were talking about earlier. If they could understand the Nation's budget in every-day terms, they might change their tune a little.

For example, let us take the case of a family man whose yearly wages amount to \$7,100. What with taxes, food, housing, and all other living expenses, this man spends \$8,500. Common arithmetic tells us he is in debt \$1,400. If anyone continues operating his family finances in that manner he will be in trouble—real trouble spelled in capital letters.

What does it all mean in terms of the individual? Simply that the pronouncement of the Declaration of Independence enunciating the principle that all men are created equal has been altered somewhat. It now reads, in spirit, that all men are created equal and endowed with an interest in the national debt.

There was a time when we gave each person in the country a chance to prosper or suffer according to his talents and according to the efforts he made. But today we start off our citizens with a handicap. Do you realize, Mr. President, that today when a baby is born in a hospital in Washington, D. C., or in Muncie, Ind., or in Newark, N. J., or in Phoenix, Ariz., or in Boise, Idaho, he begins life with a \$1,700 mortgage hanging over his head? In fact, the first second that baby breathes he has inherited that \$1,700 mortgage. That mortgage, by the way, is payable to the Federal Government. It is becoming larger as the minutes, hours, and days pass.

Mr. President, when a child in this country is started off with a \$1,700 mortgage with the first breath of life he takes, I do not know what is going to happen. It presents a very serious problem.

Meanwhile, the adults are paying more and more of their earnings to the Federal Government. A person earning \$4,500 a year pays approximately \$1,100 of that amount in direct and indirect taxes. A purchaser of a new \$2,000 car pays \$500 of that sum for Federal taxes with more than 200 levies from the start of the steel work to the finished product. Let us get down to the very simple things of life; for example, bread, which is the staff of life. Mr. President, there are 53 direct or indirect taxes on a loaf of bread; 154 on a cake of soap.

VOICE OF NEW HAMPSHIRE

Now this sort of thing cannot go on. The people—a vast majority of them—are demanding an end to the spending, the increased taxes, the deficit financing. They want a businesslike operation. From all over my State—Keene, Barnstead, Ossipee, Berlin, Dublin, Manchester—and from all types of communities, comes the word: "Stop it, and stop now."

In other words, they want nothing to do with folks who operate on the old New Year's Day resolution of Mark Twain.

Certainly that philosophy seems to be the basis of the fiscal 1953 budget. And from the words of President Truman

himself it appears that the administration foresees another such budget for fiscal 1954. In his budget message, President Truman predicted:

I hope that world conditions and the building of our defensive strength will permit a reduction in Federal expenditures after the fiscal year 1954.

In other words we shall have to pass all the \$85,400,000,000 budget and another just like it next year if we want to see the end of this spending spree. It sounds like two more Mark Twain resolutions for the administration.

But the people say "No," and on the basis of what the people want the Congress has been attempting to curtail the expenditures of the Democratic Party. But each time Representatives and Senators have tried to effect some reduction, great or small, there has been a hue and cry and the tar brush of obstructionism has been applied indiscriminately to those of us who stand for some sort of reasoning in Government fiscal operations.

Take the limitation on expenditures which the House has applied to the defense budget. The drums rolled, the cymbals crashed and the familiar strain of "You are crippling the Nation's defense effort" sounded across Capitol Hill and rolled on throughout the country.

DEFENSE COSTS MONEY

Now I do not expect that we shall be fooled about the issue at all. We have got to have a sound defense. Everyone knows that and agrees with it. It is simply a matter of how it is going to be done. In short, what is best for us?

I believe we will all agree that taking the most free spending method is not necessarily the only and the best way simply because it involves spending a lot of money.

We all know defense programs are going to cost a lot of money. We all are prepared to spend a great deal. But how much is another question. I personally believe—on the basis of military spending records—that the principle of imposing a limitation of defense expenditures is sound, and I might add, quite American.

I shall make no definite estimate of the actual amount to which the Department of Defense should be restricted as to its expenditures. It could be the Senate will adopt the House resolution of \$46,000,000,000. Or it could be the Senate will set the limit at \$48,500,000,000, President Truman's original proposal, or at \$50,000,000,000, or at \$52,000,000,000. I shall work on the floor of the Senate to be sure that when this bill goes into conference at least the principle of the restriction will be contained in the Senate version of the bill. The point I make is that an expenditures restriction should be imposed in order to regain for the Congress its constitutionally ordained function as keeper of the Nation's purse strings.

As ranking Republican member of both the Appropriations and Armed Services Committees, I shall continue my efforts toward getting a dollar's worth of defense for every dollar spent.

PAYING FOR MISTAKES

It has been said that war is the result of the failure of foreign policy; war has been called the last avenue of effort when wrong policies or procedures have been adopted by a nation. Well, we are now paying approximately three-quarters of every tax dollar for wars—past and present and in preparation for future wars—which, to a large degree, result from mistakes in foreign policy made by the Democratic administration.

A substantial part of every tax dollar collected by this administration is now being used to correct the awful consequences of the mistakes of the leaders in the executive branch. These are the leaders who put their faith in the good will of the men of the Kremlin—men whom the Democrats introduced to the family of civilized nations away back in November of 1933, and who since that tragic error have proved time and again that their word was not to be trusted, their pledges not to be observed, their ambition only to reduce this Nation to defeat.

It was the error of the leaders to whom I have adverted that has caused us to spend dollar after dollar for our defense program. I ask the Senate to inspect that 1953 budget and memorize the huge portion which is to be devoted to defense programs. Of the \$85,400,000,000 asked by the President, \$51,000,000,000 was planned to be spent by the Defense Department.

This does not include the \$7,900,000,000 asked for the mutual aid program which along with carried over funds, will result in expenditures of \$10,500,000,000. Nor does it include the cost of conducting the Korean war—or as President Truman phrases it, the police action in Korea—which is costing an estimated eight or ten billion dollars a year.

Now I ask: Is there any other nation in the free world which spends such a high proportion of its budget for defense? Of course there is not. We are the only one attempting the feat of defending not only ourselves but also our friends and neighbors without their shouldering a proportionate share of the responsibility.

Let us examine the mutual aid program. This measure was tagged at \$7,900,000,000 in new authorizations when it came before Congress. The House has already reduced that amount by \$1,700,000,000. In the Senate Armed Services Committee, a move to cut the amount by \$400,000,000 lost by a single vote.

This is a serious matter. I recognize quite fully that with a global scale of thinking in our defense, we can expect our spending for defense to be somewhat on the same basis.

But, I believe the nations receiving aid, financially or materially, should accept some of the responsibility for this program. At a very minimum, I feel they could offer us greater cooperation than we are getting.

After all, Mr. President, my State and your State are contributing to this program. New Hampshire's share of \$22,-

000,000 could run the State government for more than 6 months. And in Massachusetts they are contributing \$269,000,000 a year toward this mutual-aid program which is no small amount.

Mr. SCHOEPPPEL. If the Senator from New Hampshire will yield, I note what he has had to say with reference to other nations assuming some of the obligation for military build-ups. Does the Senator from New Hampshire feel that it is fair for France to charge the taxpayers of this country a tax on unloading men who are sent there to defend France? I understand we have to pay approximately \$5 for an officer and \$2 for a private soldier. Does the Senator think that is a fair thing for France to do, when we are helping to build up the defense of the free world?

Mr. BRIDGES. No, I do not. I may say to the Senator from Kansas, who is truly interested in economy and has a voting record in that respect, that almost a year ago I called the attention of the Defense Department and the State Department to the fact that France was charging us an import duty on materials we were sending to France. At that time I particularly referred to Morocco, where we were building air bases to help defend the free world against communism. I was promised at that time that the matter would be looked into and some action would be taken. Six months later I found that what was complained of was still going on. A year has gone by, and several new wrinkles have been introduced, to one of which the Senator from Kansas has just referred. I am in favor of mutual aid, but mutual aid means a joint effort, and it must be more than a one-way street.

Mr. SCHOEPPPEL. Mr. President, if the Senator from New Hampshire will further yield, I should like to say that one report indicated that the French authorities were charging the Government of the United States about \$5,000 for each ship docked there.

Mr. BRIDGES. I understand that to be correct. That is one of the things I have protested. I understand it has not yet been stopped. I think it certainly indicates a lack of cooperation on the part of France.

Let me say to the Senator from Kansas and to the other Senators that for several years the former minority leader, the late Senator Wherry, and I offered with respect to ECA material and equipment amendments under which European recipients would be advised of the source from which the material and equipment were coming. If we are going to create good will, how can it be done better than by letting the people know from whom the products come? The first year the amendment failed by six or seven votes. Last year it failed by only three or four votes. Practically every Senator on the Republican side of the aisle voted for the amendment. Why was it opposed? Because some Senators prodded by the administration did not want to seem to impose on the people of Europe the thought that America was doing a good deed.

I hate apologists for America. There are too many of them in this country.

Some of them rise and defend foreign nations against our own Nation. Why, Mr. President, we are coming very near the cross roads for this country. How much longer can we carry this load on our shoulders? I am in favor of contributing a reasonable amount to foreign aid. I have been for it in the past. It was the Eightieth Congress so much despised by the Democratic administration which started the program of aid to Greece and Turkey. It was the Eightieth Congress that initiated the ECA, or Marshall plan. Recently a statement was made by the President of the United States at a meeting of a private organization, Americans For Democratic Action. He condemned several prominent Republican Senators, saying that they sneered and jeered, and that Republicans were lined up against the foreign-aid program.

The program about which he was talking had its birth in a Republican Congress. If the President will look at the record of that Republican Congress he will find that it was an outstanding Congress. It was the only Congress in 20 years that balanced the budget. It was the only time in 20 years when the national debt was reduced. It was the only Congress in the past 20 years that reduced taxes. That is a pretty good record. It is well for us to remind people about such facts.

Mr. MARTIN. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. MARTIN. I should like to suggest that during the Eightieth Congress 7,000,000 persons in the lower brackets were taken off the tax rolls.

Mr. BRIDGES. That is correct.

A day or two ago the Senator from Indiana [Mr. CAPEHART] introduced a list of persons from Wall Street who are in high positions in the Government. One of them is a candidate for President. I refer to Mr. Harriman. I have always heard about the Republicans favoring big business. Certainly one Democratic candidate for President comes from Wall Street—

Mr. CONNALLY. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I am happy to yield to the distinguished Senator from Texas.

Mr. CONNALLY. How does the Senator explain, after the marvelous things accomplished by the Eightieth Congress, that the Republicans did not elect the next Congress?

Mr. BRIDGES. I think the people misunderstood a little bit. I am sorry that more people did not thoroughly understand the record of the Eightieth Congress.

Mr. CONNALLY. Whose fault was it, except that of the Republicans, for not telling the people what the Eightieth Congress had accomplished? Whose fault was it that the people did not find out the great glories of the Eightieth Congress? Who is responsible, except the Senator from New Hampshire and other Republican Senators, for not using their blaring voices over the radio and the television so that the people could rise up and call them blessed, instead of kicking them in the pants at the next election?

Mr. BRIDGES. I suppose the blaring voice of the Senator from Texas, in his speeches in Texas, probably contributed to our voices being drowned out.

Mr. CONNALLY. The Senator from Texas did not make a speech on the subject.

Mr. BRIDGES. That is probably why the Democrats won.

Mr. CONNALLY. I thought the Republicans were doing such a fine job of committing suicide that I would let them alone.

Mr. BRIDGES. Well, there is a different day coming. I think it is coming this year. I appreciate the help the Senator from Texas gave us when he did not make a speech. He realized, apparently, that his voice would not contribute to the cause he espoused.

It has been suggested to me that there were too many "me, too" Republicans at that time. I think that is partially to blame for the result.

Mr. President, I believe neither the people in the Granite State nor their neighbors in the Bay State, for example, would approve at all if we wrote another mutual-aid check for such an extreme amount without first eliminating all the unnecessary expenditures. Then they would expect us to protect the mutual-aid system against waste and unwarranted expenditures such as payment of duty to France on goods sent from America to help France. We should insist on the abandonment of any and all such demands.

Mr. President, we have got to get tough about this. This is our money and we should not be throwing it away just to be an international jolly good fellow.

Tragic as this is, it is not the worst, by far. The Democrats have actually been siphoning this budget into the domestic economy to such an extent that a substantial part of our national income is now derived from the defense effort. If there is one axiom we should understand, it is that an economy built on the quicksands of war and potential wars can only lead to its own ultimate destruction.

NO QUESTIONS ASKED

There are those in the administration who believe no budget questions should ever be asked of the Defense Department, that we should simply issue a blank check and let them go to it. Suppose we adopted that attitude; whose word would we take for the total budget of the Defense Department? There is so much confusion as to what is needed and as to how much to spend that I am quite unable to determine which authority to follow. I think the Senator from New Jersey [Mr. SMITH] discussed this question somewhat the other day.

The President submitted his budget to Congress on January 21, 1952. Of the \$85,400,000,000 he requested, it was proposed to expend approximately \$50,000,000,000 for defense. This amount included \$1,500,000,000 of supplemental requests which as yet have not been acted upon by the House. In short, the President proposed a defense request of \$48,500,000,000.

Yet 3 weeks later—remember this—on February 14, the Defense Department officials appearing before the House Ap-

propriations Subcommittee were not interested in defending a \$48,500,000,000 program. Instead they presented detailed tables of estimated expenditures totaling \$51,056,000,000—an increase of \$2,556,000,000 in 3 weeks, or to be more graphic, a \$100,000,000-a-day boost over the President's own figures, which had been submitted only 3 weeks earlier.

They are doing pretty well. I do not intend to have these remarks sound like a diatribe against defense spending. After all, the defense budget, however large, is merely a part of the picture, and the 1953 budget is only the latest edition of that picture.

A reproduction of the entire program of the last 7 years shows a pattern of open-handed spending unequalled in the history of the world, and certainly unsurpassed by any previous spender in our Nation's past. That includes, by the way, the late President Roosevelt, who was no mean hand at this sort of thing.

I do not wish to be harsh with President Truman, but let us consider that if he collects all of his proposed taxes during the fiscal year 1953 and adds them to all those collected during the Truman term of office, the grand total will be \$339,000,000,000.

This, Mr. President is \$45,000,000,000 more than all the taxes collected during all the history of the United States from Washington and ending with Mr. Roosevelt.

Let us stop at this point for a moment. This is something in which I am sure the Senator from Texas will be interested. If Mr. Truman collects, up until the end of June 1953 taxes as projected by the Joint Committee on Taxation and by the Treasury Department, he will have collected \$339,000,000,000 in taxes in a little more than 8 years. That is \$45,000,000,000 more than every President of the United States has collected from the day George Washington raised his right hand and took the oath of office as first President to the day Franklin D. Roosevelt died. That certainly is a record.

I thought, when in earlier years I lived here and associated somewhat with Franklin D. Roosevelt—in the distance, of course; other gentlemen were very close to him, but I knew him in the distance—that we had seen the deluxe spender of all times. But what Harry Truman has done in the way of collecting and spending makes him, I think, the world champion. Just think of it, \$45,000,000,000 more in taxes taken out of your pocket and mine, and from the pockets of other American citizens, than were collected by every President from George Washington to Franklin Roosevelt, from the day Washington took office to the day Franklin Roosevelt died. That is quite a record.

Where will this wide-open spending end? If President Truman has his way, it will mean higher and higher taxes. This conclusion was stated quite simply by the Democratic leader, the late Senator Robinson of Arkansas, when he said:

There is no inexhaustible source from which taxes may be procured. More appropriations mean more taxes.

It is as simple as that. The appropriations of the Truman administration

have meant more and more taxes, and Mr. Truman intends to add to that burden.

A DEMOCRAT SPEAKS HIS MIND

The distinguished Senator from Georgia [Mr. GEORGE], a member of President Truman's own party, and for whom I have great admiration, has something to say on that score. He stated:

I believe we have reached the safe limit of our taxable capacity and that higher income taxes will destroy a large segment of our free society, impair our productive strength, and add inflationary pressures.

The Senator from Georgia also said:

Excessive taxation is not the answer to inflation. The cure lies rather in the adoption of an expenditure program tailored to fit the ability of people to pay. There is a limit to this ability and unless we are prepared to permanently surrender our free economy and our free society for a regimented economy and a socialized society, this safe limit, in my judgment, has been passed.

I agree with the very able and distinguished Senator from Georgia, who is chairman of the Committee on Finance. I commend him for his courage in meeting the issue head-on in the forthright statements he has made.

Mr. President, I believe we in the Senate agree wholeheartedly with the statement of our colleague. And we should, in agreement, resolve to do something about this trend of free spending. We could and we should take a lesson from our neighbor to the north, the great Dominion of Canada, which has, with determination, balanced its budget, reduced taxes, brought its dollar from a point 10 percent below ours to a present-day value above our currency, and produced a national surplus each year since the end of World War II.

Mr. President, Canada is probably as nearly like our country as any other country. It is separated from us only by an imaginary line. Yet Canada since the end of World War II has reduced its taxes several times, has balanced its budget, and has achieved such a stabilized condition that Canadian currency, which used to sell at a discount, is, I am informed, selling at a premium today.

We are sending all kinds of missions to the Far East and other places throughout the world to see how we can spend more money. I wonder how many of us would join in sponsoring a resolution to send a mission to Canada to learn from our neighbor how to save money, how to reduce taxes, and how to balance our budget. I think that certainly would be as appropriate as the sending of another mission to Moscow or somewhere else to find ways of spending more money.

I do not contend that the time has come for action. Surely the time for action was some time ago. I recall to the Senate that in January 1951, I asked that the budget for fiscal 1952 be returned to the President for revision. At that time, in connection with that budget, I asked that a revised realistic, economical list of estimates be presented to Congress for action.

Nothing was done at that time. Nor has the executive branch of the Gov-

ernment done anything since that time in the way of revising the system of treacherous deceit which has keynoted too many of the budgets we have received during the 16 years of my career in the Senate.

Mr. President, the time has come to tighten our money belts. The time is at hand to take a firm grasp on our wallets and to look over each spending proposal as it comes to us with an eye to the necessity of the plan, and its contribution, if any, to the over-all welfare of the Nation. Then let us check the amount of money we can afford to spend on our total national budget—we must always keep an eye on that figure—and we can determine which requests we can grant and which we will have to reject.

It is very much like being in a living room in my little community of East Concord or Merrimack, N. H., on a Sunday afternoon. The family is gathered around looking over the big Sunday paper with all its advertisements. Just about everything is desirable to some member of the family. But Dad and Mother reflect on the weekly pay envelope and the amount of the family debt. They decide in their New England thriftiness which purchases must be made and which will have to be delayed or even forgotten.

Just like that family in my State of New Hampshire, this Nation has its limits. As we look over the "Sunday paper" here in the Senate, let us plan to approach our family pocketbook problems as do those frugal folks at home. Spend if we have to, but let us have the courage to say "No" when we come to something we just cannot afford.

TIME TO GO ON RECORD

Mr. President, during the 16 years I have served in the United States Senate, I have devoted a great deal of time and energy to an effort to achieve economy in the growing bureaucracy which is our Federal Government. I have worked to cut back spending which has been authorized, and I have fought spending authority bills and programs. I have been for economy in Government in election years and in years when there were no elections. I have spoken for economy. What is more important, I have voted for economy.

I have no desire to put any Senator on the spot in an election year. However, I think it is only fair to say that I hope we shall have roll calls from now on when efforts are made on the floor to cut spending bills. In the light of budget events, the time certainly has come for us to stand up and be counted as to our intentions in regard to economy in Government and the stability of our monetary system.

The Senate faces a monumental task in the next few weeks. The House has acted most expeditiously in handling all but a few of the appropriation bills. The subcommittees of the Senate Appropriations Committee have been doing their jobs. But the time has come for us to meet the issue on the floor of the Senate. We cannot back away from our responsibility.

We have been reasonably successful in years past in cutting administration

budgets to a certain extent, but we have never been challenged as we are challenged this year. I believe that there should be a greater will for economy this year than in other years. I hope that Senators who believe in a sane fiscal policy will join hands across the aisle in a move to make that policy strong as well as sane.

We all want to safeguard America. I believe that the best way to safeguard America is to protect the economy which made it great. The best method of doing so is to assure our citizens and the rest of the world of sound Federal financing through a balanced budget made possible by a reduction in spending, followed by a reduction in the national debt, and ultimately a reduction in taxes. We can save this country, but this administration is moving in the wrong direction fast.

We are carrying on our shoulders the burdens of a great many nations all over the face of the globe.

I want the United States to contribute to the mutual aid program and to do what is necessary to provide leadership in the free world. But I want Senators to remember that this is a mutual aid program. When men like the distinguished Senator from Kansas [Mr. SCHOEPPPEL] stand on the floor and point out examples of failure to receive cooperation from other countries with regard to simple, elementary things, I think it is the job of the administration to take steps to see that such conditions are corrected, before we pour out more money to such nations.

Mr. President, I do not think it is the job of this administration to travel all over the world drumming up trade for free spending schemes, as I know we are doing in certain areas. We are limited in what we can do. We think of our Nation as a strong, healthy, wealthy nation. It is a strong, healthy nation, and, as wealth goes, it is wealthy. But there is a limit to our capacity to give. In World War II we poured out our resources to the rest of the world. We gave not only money and American lives, American blood, and American suffering, but we provided raw materials, materials which America will need in times of future emergency.

When we were asked to give \$200,000,000 worth of wheat to India, and Senators called attention to the need for monazite sand and some of the other key strategic materials involved in the manufacture of jet fighting plane engines and other equipment, some person, had the nerve to say that we should not ask for a fair exchange. When it came to a vote on that question, the Senate adopted an amendment providing for a fair exchange, but in conference with the House that provision was eliminated.

Mr. President, I do not know how much longer we can continue on the path we are traveling, but I know that it is time that we in the Senate met the issue head-on.

The time is ripe for action. I feel very certain that I speak for the great majority of Members on this side of the aisle when I say that it is not our purpose to cripple any worth-while sound program.

It is not our purpose to do anything other than build this Nation and make it strong. This Nation cannot provide the leadership which the world needs unless it is strong at home. Basically that is our primary program. If we can keep this country strong at home, we can give leadership to the world.

What if America should get into trouble? It is said that if Belgium were to get into trouble she might turn to France or Great Britain, and that if France or Great Britain should get into trouble they could turn to the United States. But if the United States should get into trouble, there would be no other great, free, strong nation to which we could turn for help. We are the core of last resistance in the fight for freedom. Those who want to throw money around freely should remember that the one hope for our country, both here and abroad, in providing leadership for the world lies in our ability to remain strong at home. The issue is before us. The challenge confronts us; and I hope the United States Senate will rise to meet it.

Mr. DWORSHAK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Does the Senator from New Hampshire yield to the Senator from Idaho?

Mr. BRIDGES. I yield.

Mr. DWORSHAK. In several Congresses the Senator from New Hampshire was a member of the so-called watchdog committee established by the Senate Committee on Appropriations to watch the various expenditures of funds in connection with the Marshall plan.

I invite the attention of the Senator from New Hampshire to a copy of volume I, No. 1 of the Mutual Security News, which contains some first-class propaganda and some interesting articles dealing with the Mutual Security Program in Europe, Asia, and elsewhere throughout the world. I received this publication from the editor of one of the weekly newspapers in Idaho who resented it very much, because he said:

This is truly government by propaganda, and involves the spending of money of the taxpayers to provide newspapers with free mats and the publicity to support an unlimited foreign-aid propaganda.

I should like to ask the ranking Republican member of the Senate Appropriations Committee whether he has had an opportunity to read a copy of the Mutual Security News.

Mr. BRIDGES. I have not. I should be very much interested in it. I have not had the opportunity to read it.

Mr. DWORSHAK. I should like to have the Senator and other members of the committee give careful consideration to the expenditure of large sums of money for this purpose. I presume that some Senators may seek to justify it as being essential in building up public sentiment throughout the country in support of spending billions of dollars abroad.

We hear a great deal about propaganda these days. Recently the Committee on Government Operations created a Subcommittee To Investigate Propaganda, Censorship, and Suppres-

sion of News in the Federal Government. It was to be an investigation particularly of the security order issued last September by the President. It seems to me that we ought to investigate the spending of money for propaganda purposes by the Mutual Security Agency.

A few minutes ago the Senator from Texas [Mr. CONNALLY] asked the Senator from New Hampshire why it was that the Republican Members of the Eightieth Congress were unable to sell their accomplishments and the record of the Republican Eightieth Congress to the voters of the country during that memorable 1948 campaign. Probably one reason was that the Republicans did not have control of the executive departments of the Government, and were unable to spend millions of taxpayers' dollars on propaganda like the Truman administration did then and has continued to do up to this time to influence voters in the United States. As we approach the election this year, it is obvious, as we consider such information and publicity releases as Mutual Security News, that we ought to take the necessary steps to economize in spending at home, especially for such propaganda. I thought the Mutual Security Act was primarily concerned with the expenditure of money abroad. Have we reached the point where the United States is to be regarded as a foreign nation, so far as the Mutual Security Agency spending is concerned?

Mr. BRIDGES. I did not know that we had.

Mr. DWORSHAK. Can the Senator enlighten me on that question?

Mr. BRIDGES. I cannot, but I think it is something which should be investigated. I had not seen or heard of the publication to which the Senator refers, but I think the situation to which he calls attention is alarming. I believe that the Appropriations Committees of the Congress should certainly look into the subject.

Mr. DWORSHAK. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a brief letter written to the editors of newspapers throughout the country by W. John Kenney, Deputy Director for Mutual Security.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MUTUAL SECURITY AGENCY,
Washington, D. C., May 15, 1952.

DEAR EDITOR: The United States, through the Mutual Security Program, is "building strength for the free world."

Because the program involves the security of the American people—and the use of part of their taxes—we believe it important that more of our people understand some of its accomplishments, objectives, and problems.

The enclosed copy of Mutual Security News is designed to meet this need. It contains feature material from all parts of the world discussing progress being made to strengthen the free world's defenses against Communist aggression.

We are prepared to send you a similar sheet, along with four mats, each month if you so desire. Sign and mail the enclosed card and we will see that your newspaper is provided regularly through Western Newspaper Union

with these timely stories and pictures on the Mutual Security Program.

Sincerely yours,

W. JOHN KENNEY,
Deputy Director for Mutual Security.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. JENNER. I have enjoyed very much the remarks of the distinguished Senator from New Hampshire on the mutual security bill. I know that the distinguished Senator is a member of the Committee on Appropriations. I have not had cleared up in my mind the answer to this question. As I understand, General Gruenther, General Eisenhower's right-hand man, came to this country a few weeks ago and testified before the Committee on Armed Services, the Committee on Foreign Relations, and before other committees, to the effect that Communist Russia has 175 divisions in being. General Gruenther further testified that the Communist satellites had 60 divisions in being.

Assuming that mutual-security spending goes on at the rate it has been going, and assuming that the cuts are no larger than the ones the House has made, what guaranty do we have that what is being spent over there in the way of mutual-security funds is not being poured into rat holes? As I understand, General Gruenther, General Eisenhower, and the other men in charge of the program—NATO, and so forth—hope to have at the end of 1954 40 or 50 divisions in Europe. Is that the Senator's understanding?

Mr. BRIDGES. That is what I have understood; yes.

Mr. JENNER. What security to Europe, to ourselves, or to anyone else is represented by 40 or 50 divisions a couple of years from now, as against 235 divisions in being now under Communist control? Has that been explained to the Members of the Senate? Or are we merely sending money overseas to have it boondoggled away there?

Mr. BRIDGES. It has not been explained to my satisfaction, I certainly will say to the able Senator from Indiana. There are many things about the foreign program that I do not understand. As the Senator knows I have supported the principle of foreign aid and have supported reasonable amounts in appropriations for it. I had hoped that we would make much more progress than we have made up to today. I have been disappointed by the progress that has been made.

Mr. JENNER. Is it not a fact that there are about \$12,000,000,000 to \$15,000,000,000 in mutual-security funds which have not been expended? I believe \$12,000,000,000 have not been expended.

Mr. BRIDGES. That is correct.

Mr. JENNER. Might it not be sensible to postpone the appropriation entirely until January? It certainly would not hurt to take a look at the conditions at that time. Although the Senator from New Hampshire has supported the program, when \$12,000,000,000 in funds remain unexpended, does he want to spend more? For what? We have 25

divisions over there, standing against 235 divisions in being. The 235 divisions are along the 700-mile corridor across Western Europe. What are we trying to do? Are we trying to create another Dunkirk for those American boys?

Mr. BRIDGES. Let me say to the distinguished Senator from Indiana that I respect him and I respect his judgment, as well as his courage on so many things on which he has patriotically spoken out. There are many things that disturb me about this program. One of the things that disturbs me is the statement, for example, to which the Senator from Indiana has referred. It is the statement which was made by General Gruenther. In one breath he told us of the need for urgency in rushing these things. In the next breath he told us that there is no early prospect of war with Russia. The two thoughts just do not go together. He has made various statements of that kind which are hard for me to explain or to analyze. I believe that the Senator from Indiana has raised some very serious questions of doubt.

As the Senator knows, I have supported substantial cuts in the administration's program, and I have opposed others. However, generally speaking, I have supported the general program, hoping, for example, that the United Nations would develop into an organization which might promote peace. I have been disappointed in the United Nations attitude and its failure to cooperate as it should in Korea. I have been disappointed by the broad promises of NATO countries, which have not materialized. These incidents certainly should be a warning and should make us stop, look, and listen before we proceed on the program in the future.

Mr. JENNER. Mr. President, will the Senator yield further?

Mr. BRIDGES. I yield further.

Mr. JENNER. This morning I was on a train coming into Washington. On the trip I talked to a colonel in the Air Force who has been stationed in Germany and in other places in Europe. He told me that we are building 30 air bases in England. He said, "If Churchill's Government goes down and Bevan takes over, the 20 air bases are gone." We know what Bevan's attitude is toward us.

He said an air base in France—

Mr. CONNALLY. In England, the Senator said.

Mr. JENNER. This one is in France. It is within 6 minutes of a large community, which is completely Communist.

What are we trying to do? We have 25 divisions in Western Europe. By 1954 we hope to have 40 divisions; perhaps the other nations will cooperate with us and spend our money properly. The Communists have 235 divisions in being. What are we doing? Are we preparing the table for the Communists so that they may capture our supplies, kill our men, and take over our bases?

With \$12,000,000,000 in unexpended funds available I do not see why we should rush this program. It could be postponed until January. No one would suffer by postponing it.

We talk about cutting off \$1,000,000,000 or \$1,500,000,000. That is peanuts, Mr. President, I do not understand what we are doing; I do not know what our objective is. I thought I would bring out the point.

Mr. BRIDGES. I thank the Senator from Indiana.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. WELKER] on behalf of himself and other Senators.

Mr. WELKER. Mr. President, as the author of the amendment I certainly wish to pay tribute to the distinguished minority leader, who has made a profound address to the Senate and to the Nation. I have not the ability possessed by him. Since I undertook to submit an amendment in behalf of the taxpayers of America, I have sometimes regretted that I had the temerity to undertake the task.

In the first place I do not have the benefit of the Mutual Security News or of propaganda agencies to assist me in the job that is mine here briefly this afternoon.

Mr. President, I watched the distinguished chairman of the Committee on Foreign Relations, and I saw him flanked by assistants on both sides. I saw two assistants sitting with the distinguished Senator from New Jersey [Mr. SMITH]. Undoubtedly they can inform the Senators correctly on many matters in which I am not at all skilled.

I was prompted to submit this amendment because of the great volume of mail that has come to me from constituents in my State telling me of their desire that a halt be called to this reckless spending in Europe.

At the outset, Mr. President, let me say that I enjoyed very much the remarks made by my distinguished friend the senior Senator from Texas [Mr. CONNALLY]. There was a touch of sadness in his remarks when he related that this would probably be his last debate on a major issue. I have been honored by being able to call the distinguished Senator from Texas my friend. I regret that he will leave the Senate. I have been the recipient of many of his barbs, but I shall miss him, as I am sure the Nation will miss him, when he leaves the Senate. Yet, Mr. President, I do not agree with the distinguished chairman of the Foreign Relations Committee when he says that if we refuse to appropriate all that is asked for by the State Department and the Mutual Security Agency, civilization will revert to what it was in the Dark Ages. Those were, in substance, the words of my distinguished friend the senior Senator from Texas. I say that unless we call a halt to this crazy spending and these giveaway programs, this international WPA, we will revert to the Dark Ages here at home.

All of us realize that the Nation is in debt to the extent of \$265,000,000,000. At this very moment the taxpayers of America are faced with an additional debt of \$85,000,000,000. Certainly everyone will admit that we will have a deficit

of \$14,000,000,000. Who is going to pay the freight?

I understand that eight representatives of the State Department are now in the gallery. I am glad they have paid the Senate the tribute of coming here and listening to the debate. I am sorry I do not know all the answers, but I shall give them a garden variety of the philosophy I brought here from the far West in regard to how to pay debts and keep out of trouble.

Does anyone assume for a moment that at some time we shall not have to pay this \$265,000,000,000 debt? How do we believe we are going to get away from that debt?

The Senator from New Hampshire has said that today, at the very moment when a baby is born in the United States, a \$1,700 mortgage hangs over his head. Most of us were present recently at the hearings at which General Eisenhower testified. He was asked, "How long do you think the emergency will last?" He replied—and I give you his exact words, Mr. President:

Ten or twenty years, or—yes—perhaps 30 years.

I also recall the speech in which the Secretary of State said this emergency will last for 20 years.

When will the end of the emergency come? It seems that whenever an appropriation bill is before the Senate, either a high-ranking general comes to address us, or Russia drops an atomic bomb, or there is an important conference somewhere. Then there is screaming to the high heaven, "Oh, don't make any cuts in the program or Western Germany will turn her back upon us." That argument was made today, Mr. President.

Certainly I am delighted that Western Germany has seen fit to join the other nations of the free world. I agree that it would be fine to have Western Germany rearm.

Mr. President, not long ago we were told that in some countries of Europe production is more than 40-percent higher than the prewar production. Yet we are told, "Do not cut this program of aid to our friends in Europe, or they will turn their backs upon us." If our friends in Europe are of that sort, and if that is the kind of friendship the State Department has bought with our funds, then I say it is time for us to turn our backs on such a program. If the friends we have bought in that way say they are going to quit us if we do not agree to spend ourselves into bankruptcy, in their behalf, then I say they are not the kind of friends we should have.

Of course, Mr. President, I know that a fighting man cannot be purchased. I simply say that I hope the nations of Western Europe will have a will to get to work, as we here in the United States are doing.

I have heard complaints made about the so-called grievous action which has been taken by the House of Representatives in connection with the cuts it has made in the mutual-aid bill. I heard my friend, the Senator from New Jersey [Mr. SMITH], make such a statement.

Mr. President, I say to you that the Members of the House of Representatives are just as smart, just as American, and just as loyal as any of the 96 Members of this body.

Of course, it is popular to say that we who serve in the Senate have a monopoly on brains. I have read all the debates which occurred in the House of Representatives at the time when it acted to make cuts in the mutual-security bill. I venture the assertion that not six other Members of this body have read all those debates. The Members of the House say it is time to call a halt to extravagant, senseless, unwise spending. They say that even at this late hour it is time to think, for a change, of the American taxpayers.

Mr. President, I wonder why it is that whenever anyone rises to take a stand for America, he is accused of tampering with the maintenance of our form of civilization.

Of course, there are a certain number of persons who do not belong to either the Senate Foreign Relations Committee or the House Foreign Affairs Committee, but who, nevertheless, have traveled extensively in Europe, and know a great deal about matters relating to Europe. I have never been to Europe, but I have tried to study the questions involved in our relations with other nations, particularly those who are members of the NATO organization.

I remember the great words of wisdom which were uttered on the Senate floor by the distinguished senior Senator from Louisiana [Mr. ELLENDER] when he returned from Europe. He told us exactly what was wrong there. In a speech he made on February 2, 1952, he told what the mutual security boys and the State Department boys have really done. This is a part of what our colleague, the Senator from Louisiana, said about them at that time:

They have tried to give the impression, by juggling production figures, that further aid is necessary. But it is going to take a lot of cold, hard facts to convince me that we should vote more billions for European recovery.

Let us listen to what the Senator from Louisiana said about France:

Physically, France is in splendid condition. But France, as a nation, suffers from a psychological disorder. I did not find much enthusiasm among her people; there is a reluctance to do too much, and they are looking to the United States for more assistance. This once proud nation reminds me in any ways of a youngster who has been overmothered, and—now that the time has come for him to go out into the world—is afraid to stand alone. I have no doubt but that France can again become a self-subsisting nation if she tries. True, she has suffered grievous hurts. But if she matches her physical improvement with an improved spirit, she will again take her position as a leader in Western Europe. That is the only course open to her, and I left there convinced that more all-out economic aid from this country would only make her more dependent on us.

In the same speech, the Senator from Louisiana said:

Belgium and the Netherlands are both in relatively good economic shape. Belgium, in particular, has reached the status of a

healthy nation, and I do not believe further aid to her would be justifiable. She is perfectly able to stand on her own feet. Belgian industrial production has risen to 146 percent of prewar, and her agriculture is providing 6 percent more food than in prewar days. The Netherlands is 48 percent ahead of prewar in industrial production, and her agricultural production is 15 percent higher than it was in 1938.

Then, Mr. President, our colleague from Louisiana, who has traveled and studied a great deal, and who made these statements long before the present debate, had the following to say in a speech he made on February 23, 1952, when he was speaking of Britain, our ally:

There is no more chance of reviving the British economy with additional American dollars than of pumping life into a dead horse. * * *

But the British cannot eat statistics, and it is food and the assurance of a continuing supply of food that is Britain's main problem.

The Senator from Louisiana went on to say that the plight of Britain is that she is overpopulated, and that she should send some of her population to her colonies.

On May 17, 1952, the senior Senator from Louisiana had this to say in regard to the mutual security bill, in a statement he made at that time:

Wide publicity has been given my statement, made during a press interview last week, that I believe that as much as \$2,000,000,000 can be trimmed from the 1953 foreign aid bill without undermining the security of the United States or its allies.

Mr. President, do you remember the speech our distinguished colleague, the Senator from Louisiana, made? He told us of the spending and of the waste all over Europe, where we, a generous Nation have expended our taxpayers' money to develop water resources, departments of agriculture, departments of health, departments of education, and also have made vast expenditures for mineral developments, transportation, censuses and census organizations, industrial developments, and so forth.

Mr. President, I am speaking extemporaneously, and I wish to hurry along in connection with this presentation. However, I desire to call attention to the fact that the Senator from Louisiana, and the Senator from North Dakota [Mr. YOUNG], one of the cosponsors and joint authors of the pending amendment, spoke in the Senate, as Americans, to lay the situation before us and before the entire American people. They told us of the large terminal station in Rome, and of the great public buildings which were being erected with our dollars, which were supposed to bolster up the economies of various nations. They told us of apartment houses, of hydroelectric plants, of flood-control projects, and of 26 water-power dams, which were being built with our money. I ask, What position shall we be in if, as public servants, we are forced to tell the taxpayers of the country who are straining to get along as of this moment, that we have saddled upon them another \$6,900,000,000, although, as the Senator from Indiana [Mr. JENNER] said a moment ago, \$12,000,000,000 remains unexpended at this

time? I want someone to tell me why we cannot wait until January 1.

A moment ago I heard the distinguished Senators from Texas and New Jersey [Mr. CONNALLY and Mr. SMITH] suggest that if we were not to do this now it might be thought by certain of our European allies that we had turned our back upon them and that we had given up hope. Mr. President, how could such a thing be? How could any civilized person think that the United States had forgotten its campaign and crusade against communism? With the flagrant example of Korea before his eyes, could any thinking person say that America had turned her back upon the free world, particularly in the face of the fact that in Korea 95 percent of the men and 95 percent of the material and supplies have been furnished by the American taxpayers? Yet the suggestion is made that a further reduction in the authorization provided by the pending bill might be construed by our friends and allies in Europe that we did not want to fight communism, and had broken faith with them. No, Mr. President. The Korean situation is the best evidence in all the world as to the good faith of the people of the United States in their crusade against communism.

While we are on the subject of Korea, let me ask, Why are we not thinking a little bit more about building up the situation on our home front? If we, as Senators, are worth our salaries, why are we not seeing to it that our air power and military might at home are being built up? Yet we sit idly by, or go to cocktail parties at the State Department, and forget that our fighting men in Korea are flying obsolete B-29's up to the Yalu River in squadrons composed of three of such planes.

Mr. JENNER. rose.

Mr. WELKER. Anyone who knows anything about air power will admit that a squadron of three such bombers would afford no protection whatever. Why do we not have more? The answer is because we have not produced more, and, further, that we are shipping everything we possibly can to Europe.

Mr. JENNER. Mr. President, will the Senator yield for a question?

Mr. WELKER. I am glad to yield.

Mr. JENNER. In connection with that particular point, I should like to ask the Senator from Idaho whether he read the statement made by the Senator from Virginia [Mr. BYRD] a few days ago, in which he said that our most modern jet planes, instead of being sent to Korea to help our boys who have been over there almost 2 years in the war, are being sent to western Europe? Did the Senator read that statement by the Senator from Virginia?

Mr. WELKER. I did, I may say to the Senator from Indiana, and I was surprised as well as embarrassed. I may say that I also read the last letter written by Maj. George A. Davis to his wife and babies. George A. Davis was the leading jet ace in the history of the United States. A few days before his

death, he wrote to his wife and two children—there was one yet unborn—and he made this statement: "They seem to be killing the people over here, and they do not know why. Our Sabre jet is so far outclassed by the Migs that something must be done about it. We cannot win this way."

Instead of this great Congress doing what it should be doing, acknowledging that we do not have an adequate air force in Korea, some of us are accused of being un-American because we endeavor to go back to a fundamental law of nature, namely, the law of self-defense. So long as I hear that we do not have adequate air power in Korea, so long as I hear that a bunch of filthy Chinese Communists are able to out-fly and out-shoot our American boys; I shall be found while I am a Member of the Senate fighting against the sending of our wealth and material to other places throughout the world.

Mr. President, I am altogether in favor of a full partnership; yes, 50 percent give and take. But I am not at all satisfied with the present situation, when the fact is that we have been fighting the war in Korea alone. Where is the vigorous will to win, about which we have heard so much? All that the other countries have, apparently, is the American dollar—the wonderful American dollar. Presumably, if we give them that, better fighting people will then be made of our European allies. Where have they been during all the time the Korean war has been in progress. I say the plea does not ring very true to me. In today's press I read of the shocking losses suffered by our air forces in Korea, amounting to a loss of three or four to one, at the hands of a bunch of Chinese Communists, who, prior to the so-called police action in Korea, never had the reputation of being able to push a wheelbarrow down the street.

Mr. President, we know exactly who is back of the fighting and killing in Korea. I wonder when we are to admit it, and when we are going to stand up and either fight to win the war in Korea or to withdraw from Korea. There is no substitute for victory.

Moreover, there is no substitute for the arms which should be sent to our boys in Korea, where about 15,000 of them have already given their lives. I wonder how the American forces in Korea will feel when they read the testimony which I read in one of my home newspapers a few days ago, that it had become necessary to ration ammunition. Yes, Mr. President, I know there are explanations; I have read them. The State Department, the War Department, and the Joint Chiefs of Staff and everyone else promptly gave explanations. But the fact remains that testimony was given, to the effect that ammunition had to be rationed in Korea. Indeed, a few days ago a boy in the Naval Hospital, who had suffered injuries in Korea, corroborated the report, adding that he had been out of ammunition at times. I am wondering how our boys in Korea feel when they hear that we in the Senate

are debating whether we are to cut \$1,000,000,000 or \$2,000,000,000 from the gift which this bill provides for our friends across the sea.

Mr. President, it is about time that we had an explanation from the Armed Services Committee and the Foreign Relations Committee with respect to the questions propounded to the distinguished Senator from New Jersey by the distinguished Senator from Illinois [Mr. DOUGLAS]. Why is it that \$44,000,000,000 of the armed services budget remains unexpended? Why is it that \$12,000,000,000 of funds for foreign aid remain unexpended?

Mr. President, we are going to be held to account by the American people. I speak as a member of the minority, as one who is not a fiscal expert, and as one who is not a member of any of the great committees which have been passing upon these matters, but, in my opinion, the position of the Members of the House of Representatives, who are responsible every 2 years to the people whom they represent, is sound. As I have said, they have studied this bill as much as we have, they have not harmed our country by trying to save the money of the taxpayer.

I think it goes without saying that if Stalin is afraid of the United States, he certainly is not afraid of her armed might at this time, but is afraid of a fine, vigorous United States economy, an economy which has made us the strongest and greatest Nation upon this earth. Is all the money authorized by this bill necessary? If Russia, with 235 divisions ready to move and with more than 20,000 first-line aircraft, intends to attack Western Europe I ask, Mr. President, why does she hesitate? Why does she wait for us to send \$7,900,000,000 more aid to our allies in Europe? Is she afraid of the \$7,900,000,000? I am convinced that the words used by Lenin many years ago in referring to the United States are still the thinking of the Communists:

We will force her to spend herself into bankruptcy. We will bleed her white and then take her without firing a shot.

I am more concerned of that than I am of anything else.

Mr. President, it seems in some quarters to be considered almost a disgraceful act to stand on the floor of the Senate and say something in behalf of the forgotten person in America, namely, the taxpayer. I have heard Members of the Congress maligned when they tried to save some money for the taxpayer. They are called politicians who want to go home and sell themselves as great patriots because they have saved a sum of money. Let me get the record straight. If I could bring peace and happiness to this country by resigning from politics forever, I would do it tomorrow. I do not propose to participate in the liquidation of this country through a bankruptcy proceeding. There is no evidence whatsoever of an intention to save money. I stated in my campaign that I would go along with billions of dollars for defense but not one cent for socialism. I have not been able to understand why there has been no attempt on the

part of the administration or anyone else to cut down fiscal spending. We are confronted with the St. Lawrence waterway and other great projects which call for very large appropriations. Yet during this time there is a fund of \$44,000,000 unexpended, which was appropriated to bring this country up to a strong military might, and I am wondering what is the reason.

I have no desire, as the Senator from Texas said, to make any Fourth of July speeches in behalf of an amendment which would cut another billion dollars from the appropriation. I am not representing the "Bunkum" County News, nor does the New York Times influence anything I say upon the floor of the Senate. From my knowledge of what is printed in the Times and in the "Bunkum" County News, I would as soon accept the philosophy of a few westerners as to depend upon anything the New York Times has to say.

I am speaking in all seriousness as an American in trying to do what I can to save the taxpayers. Where would this country be if there should be a decline of from 10 to 20 percent in our economy and we still had to carry the present terrific rate of taxation? It would mean the ruin of this country, as everyone must know who will stop to think of it.

Today I read a statement saying that war is not likely. The best preventive of war is a strong economy in the United States. The American people cannot indefinitely pour out billions of dollars.

Mr. President, the interest alone upon our national debt is nearly \$6,000,000,000. When will there be a halt to these vast expenditures? Maybe some older and more distinguished and learned Members of this body can give me a little hope for the future. I should like to know what they plan. How are we going to get out from under the vast national debt? How are we going to pay it?

The House of Representatives took one step when it cut off 42 percent. I do not know whether the House wanted to disregard the message of General Eisenhower. If I read the message correctly, he said that any budget cut should be according to the economy of the Nation. I am certain that General Eisenhower does not want to ruin this country any more than I do, but General Eisenhower is a military man. I do not know whether he knows anything more about fiscal spending than I do. Certainly I do not profess to know very much about it.

I have heard it said that this amendment takes on an aspect of politics. It does not carry the name of the distinguished Senator from Ohio [Mr. Taft], but it does carry the names of some of my colleagues who have honored me in joining in sponsoring the amendment. I have never discussed the matter with the Senator from Ohio. It seems only horse sense to cut down expenditures.

Mr. SCHOEPPEL. Mr. President, will the Senator from Idaho yield?

Mr. WELKER. I yield.

Mr. SCHOEPPEL. I noted the statement the distinguished Senator from Idaho has made with reference to those who joined with him in his amendment.

I regret that I was not in the city on Friday of last week, at which time I understand the Senator offered the amendment. But I want to associate myself with the Senator from Idaho and his colleagues, because I firmly believe he is on the right track and that the measure can stand another billion-dollar reduction.

Mr. WELKER. I wish to thank my distinguished colleague from Kansas, who has done me a great honor.

Mr. President, as has been stated on the floor this afternoon, our national debt is nearly twice the amount of the combined national debts of the other nations we seek to help by this mutual-aid program.

Let me make a brief observation with respect to taxes in the countries which we propose to help. Only approximately half of the taxes levied in those nations in connection with the Mutual Security Act are collected. France charges only 26 percent; Britain charges 46 percent; Turkey, I think, charges 10 percent upon the income and upon the corporate return of their economy. What is wrong with asking those nations to tax at the level we must tax in order to send money to them? I do not see any objection to it. Why should the taxpayer of France, Belgium, or any other country be getting off easy, while the taxpayer of this country is being penalized?

Of course the mutual security bill takes no note of a sum so small as a thousand dollars; but I have been working in the Senate for 6 months for a United States Navy boy who has a bill against the United States for \$500 traveling expenses, and I have not been able to get even a hearing in a committee on the matter. That is the kind of treatment that is accorded to an American naval man.

I heard it said a moment ago by one of the proponents of the bill that we should cut down on our domestic military defense bill, and not interfere with the mutual security bill. How is that going to set with the American taxpayer? He at least has some idea of where his money goes if it is spent at home, but does he have any idea as to how his money is being spent all over the world? I suppose he could get the information from the wonderful newspaper which my distinguished colleague [Mr. DWORSHAK] produced a moment ago. If the taxpayer is going to have to rely upon that kind of propaganda, I am afraid he is going to insist that we start cutting foreign aid.

Mr. President, why can we not be fair in this matter? We made the Philippines collect 60 percent more taxes and have better economic reform and pay better wages, but we do not seem inclined to do that in Europe. Why cannot we do it in France, Belgium, the Netherlands, and the other NATO countries?

Mr. President, we have such an example as this: We give our money by way of foreign aid to an individual shipbuilder in Italy, and tell him to go ahead and step up production. As a result of our contribution of money he makes a vast profit. But the salient fact remains that he pays no tax on the profit that was

made as a result of the money the American taxpayer contributed to him.

Mr. President, I do not think it is unfair to require the other countries in this program to pay a proportionate share of their wealth in the form of taxes, just as we do in this country. In my opinion, inasmuch as we get 71 percent of our taxes from corporation and individual income-tax returns, we should insist upon Turkey getting a like amount, instead of 10 percent from individuals and corporate taxes; or on Britain getting 71 percent instead of 46 percent; or Italy, which gets only 13 percent instead of 71 percent.

Mr. President, I am about to conclude. I submit to my colleagues that the American people are far ahead of us upon this proposition. They know very well that they pay for tobacco to be smoked in the foreign countries, where live the people to whom we are asked to give all this wonderful aid. The taxpayer knows we have squandered money to buy chewing and smoking tobacco for those people. The fact remains that they know we have bought coffee for them by the shipload. I think the testimony is that in Greece alone every man, woman, and child has received \$2 worth of coffee from the American taxpayer. I say that there are heavy lines of danger being drawn around what is called foreign aid, and around other appropriations. The idea of closing our ears to the objections of the American taxpayers against huge spending programs. It is about time for us to realize that the people who are paying this bill ought to be heard.

I agree with everything the House of Representatives has done in connection with this bill. I think they were far more serious than we are, and have studied this question to better advantage. They have to stand the test of public opinion in November of this year. I commend them for doing a good job for their country.

Perhaps I am too high in the figure I have included in the amendment. If I am, I will gladly volunteer to reduce it to correspond with the fine thinking and fine action of the House of Representatives. I think \$2,000,000,000 can be cut from the appropriation.

Mr. President, we cannot buy friendship. We cannot throw our weight around with money and expect 100 percent cooperation. We have done our level best. Now the question is one of survival for us. We are waging war in Korea, and that war has not been won. It is a stalemate war. It will go on, it seems, for a long time to come.

I beg my colleagues to think about this amendment. I believe it to be sound. I am honored that 10 of my colleagues have joined with me in sponsoring an additional billion-dollar cut for the benefit of the taxpayers of the United States.

Mr. President, I yield the floor.

NATIONAL EMERGENCY FUND FOR AIR POWER

Mr. O'MAHONEY. Mr. President, the Subcommittee on Defense Appropriations met this morning to consider de-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate debated foreign-aid bill. Senate committee reported bill extending Defense Production Act. Senate subcommittee ordered agricultural appropriation bill reported to full committee. House debated road authorization bill. House Rules Committee cleared bill increasing cotton price supports in case of surplus. Rep. Lane submitted resolution to investigate potato shortage.

HOUSE

1. ROAD AUTHORIZATIONS. Began debate on H. R. 7340, to authorize appropriations for the fiscal years 1954 and 1955 for Federal aid in road construction, including forest highways and forest roads and trails (pp. 6137-66).
2. COTTON PRICE SUPPORTS. The Rules Committee reported a resolution for consideration of H. R. 5713, which would make Low Middling seven-eighths-inch cotton the standard grade for purposes of parity and price support on the 1952 crop if anytime during the calendar year 1952 the USDA officially estimates the production of cotton in 1952 at 16,000,000 bales or more (p. 6167).
3. IMPORT CONTROL. Rep. Eberharter spoke against the import-control provision of the Defense Production Act (p. 6134).
4. FOOD PRODUCTION. Rep. Carnahan commended scientific and related developments which have increased food production during the last few years (pp. 6177-8).
5. ELECTRIFICATION. Rep. McCormack inserted President Truman's speech before the Electric Consumers Conference defending the Government's power program (pp. 6136-7).
Rep. Dondero urged investigation of the Electric Consumers Conference (pp. 6178-9). Rep. Bow also criticized the Conference (pp. 6179-80).

SENATE

6. FOREIGN AID. Continued debate on S. 3066, to extend the Mutual Security Program for fiscal year 1953, rejecting by 27 yeas to 35 nays a Welker amendment reducing authorized appropriations by \$1 billion (pp. 6102-27).

Sen. Smith, N. J., inserted a New York Times article by Arthur Krock discussing some of the impulses behind the economy drive on the mutual security bill (pp. 6101-2).

7. DEFENSE PRODUCTION. The Banking and Currency Committee reported with amendments S. 2594, to extend the provisions of the Defense Production Act of 1950, as amended, and the Housing and Rent Act of 1947, as amended (S. Rept. 1599)(pp. 6103-4).
8. NOMINATION. Received nomination request for Albert A. Carretta as Federal Trade Commissioner (p. 6132).
9. AGRICULTURE APPROPRIATIONS. The Agriculture Subcommittee completed markup of H. R. 7314, agricultural appropriation bill for 1953, and ordered it reported to the full committee with numerous amendments (p. D503).
10. PUERTO RICO. The Interior and Insular Affairs Committee ordered reported without amendments (but did not actually report) S. J. Res. 151, approving the Constitution of Puerto Rico (p. D504).
11. IRRIGATION. The Interior and Insular Affairs Committee ordered reported with amendments (but did not actually report) H. R. 5633, to approve a contract negotiated with the irrigation districts on the Owyhee Federal project, and to authorize its execution (p. D504).
12. TOBACCO. Received from this Department a proposed bill to increase the minimum farm acreage allotments for burley tobacco (p. 6098).
13. FLOOD CONTROL; RECLAMATION. Received this Department's survey report of the Pecos River Watershed, N. Mex. and Tex. (p. 6098).
14. FARM LANDS; TERRITORIES. Received a resolution adopted by the Hawaii Farm Bureau Federation, favoring H. R. 4799, to amend the Hawaiian Organic Act on the acquisition of farm lots (p. 6099).

BILLS INTRODUCED

15. NEWSPRINT. S. Con. Res. 78, by Sen. Case (for himself and Sen. Johnson, Colo.), to establish a Joint Committee on Newsprint; to Rules Committee (p. 6100). Remarks of author (p. 6100.)
16. DEFENSE PRODUCTION. H. R. 8007, H. R. 8008, H. R. 8009, H. R. 8010, H. R. 8011, by Rep. Talle, "to amend the Defense Production Act"; to Banking and Currency Committee (p. 6181).
17. PERSONNEL. H. R. 8013, by Rep. St. George, to increase the efficiency of the Federal Government by improving the training of Federal civilian officers and employees; to Post Office and Civil Service Committee (p. 6181).
18. POTATO SHORTAGE. H. Res. 659, by Rep. Lane, to authorize an investigation of the shortage of potatoes in the United States; to Rules Committee (p. 6181).
19. ELECTRIFICATION. H. Res. 655, by Rep. Dondero, to authorize the appointment of a select committee of the House of Representatives to conduct a complete investigation and study of the self-styled Electric Consumers Conference, its officers, representatives, alleged or actual sponsors, members, and so forth, using

The legislative clerk read the amendment, as follows:

On page 11, strike out the quotation marks at the end of line 9, and between lines 9 and 10 insert the following:

"Sec. 537. None of the funds herein authorized to be appropriated shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the Mutual Security Program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States."

The VICE PRESIDENT. The amendment will be received and printed, and will lie on the table.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles, and referred to the Committee on the District of Columbia:

H. R. 5768. An act to amend the act entitled "An act to regulate boxing contests and exhibitions in the District of Columbia, and for other purposes," approved December 20, 1944;

H. R. 6857. An act to amend section 7a of the act entitled "An act to regulate the employment of minors within the District of Columbia," approved May 29, 1928;

H. R. 6943. An act to fix the seniority rights and service of Albert O. Raeder as sergeant in the District of Columbia Fire Department; and

H. R. 7253. An act to authorize the conveyance to the Columbia Hospital for Women and Lying-in Asylum of certain parcels of land in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of the proceedings.)

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted:

By Mr. CONNALLY, from the Committee on Foreign Relations:

Albert F. Nufer, of New York, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary to Argentina.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. BYRD:

Address delivered by him before the American Newspaper Publishers' Association, in New York City, on April 24, 1952.

By Mr. MARTIN:

Text of radio broadcast by him of program No. 60 in the series entitled "Happenings in Washington."

By Mrs. SMITH of Maine:

Address entitled "Freedom of the Press and the United Nations," delivered by Senator BRICKER before the Blue Pencil Club, Columbus, Ohio, May 18, 1952.

Editorial in regard to campaigns for the presidential nomination, published in the Madison (Maine) Bulletin of May 15, 1952.

Editorial entitled "Mirror of World Opinion—Canada's Dollar," expressing appreciation by Canada for help given her by the United States, reprinted in the Christian Science Monitor, from the Ottawa (Canada) Journal.

By Mr. BRIDGES:

The voting record of Senator BREWSTER in support of legislation of concern to veterans from the time he entered Congress in 1934.

By Mr. IVES:

Statement by Gov. Thomas E. Dewey, of New York, endorsing the 1952 campaign of the United Jewish Appeal.

Article entitled "Agencies' Merger Help to Business," published in the New York Times of May 25, 1952.

By Mr. STENNIS:

Sermon entitled "Christianity's Answer to Communism," delivered on May 18, 1952, at St. John's Church, Washington, D. C., by Dr. Charles W. Lowry, rector, All Saints Episcopal Church, Chevy Chase, Md.

By Mr. JOHNSTON of South Carolina:

Article entitled "Aviation Honor for Chamberlin and Representative DORN," published in the New York Herald Tribune of May 22, 1952.

MUTUAL SECURITY ACT OF 1952—ARTICLE BY ARTHUR KROCK

Mr. SMITH of New Jersey. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article entitled "Some Impulses Behind the Appropriations Ax," written by Arthur Krock, and published in the New York Times of May 27, 1952.

In asking to have this column published, I wish to state that I think the observations made by Mr. Arthur Krock should be considered seriously by all of us. Mr. Krock implies that there is real danger of politics being brought into consideration of the pending bill. I think we should consider carefully everything he says, but I sincerely hope that my colleagues will not in any way consider the political implications involved in the pending legislation.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOME IMPULSES BEHIND THE APPROPRIATIONS AX

(By Arthur Krock)

WASHINGTON, May 26.—There is much more than election year politics to the drive in Congress to cut the national defense-foreign aid budget below a mark that enlightened and nonpartisan experts hold to be the peril point. The extra intensity of politics in a presidential election year is a powerful force. But other large elements are: distrust of the administration; conflicting testimony by its spokesmen—both military and economic; a belief that our European partners are not doing all they could and should; the fact that many billions previously appropriated for foreign aid remain unspent; a conviction among many Members of Congress that the

economy of the United States has become the primary consideration of our security; the association of the Mutual Security Agency with party politics; and doubt of the judgment of our own armed services.

The wise and patriotic citizens who are striving to save the defense and foreign-aid programs from blind and angry strokes of the economy ax should take these factors into account. Perhaps if recognition were given to the provocations, these appeals to reason would fall on more receptive congressional ground. Perhaps this also would be the result if for years every major attempt to cut the budget had not been assailed editorially with, "We are for economy, but this is not it."

In the mental backgrounds of many Senators and Representatives, when the time comes to vote on budget cuts, are these impressions or convictions:

1. Distrust of the administration. It has had some successes in foreign policy, but it has been obliged to move steadily forward the date when, according to repeated assurances, a stable world order would arise. It was slow in correcting the calamitous mistake made by Roosevelt in evaluating post-war Soviet policy, and some of those who were deeply involved in that mistake, and who long ignored documented proof that Soviet spies had infiltrated the Government, remain in high policy posts.

ERRORS NOT CONCEDED

The administration has never conceded its foreign policy errors, including the public notices Secretary of State Acheson gave to the Communists that Korea was not in our orbit of defense; the dust-settling concept that ended with the loss of China; the \$3,700,000,000 loan to Great Britain that included no accounting arrangement; and the employment of ground troops on the Asian Continent without reserving to the United States the authority to bring this war to a military conclusion. And only recently there was a basic conflict in military testimony on whether rationing of ammunition was compelled in Korea by budget cuts.

2. Cooperation of Western Europe. Discouragement as to this has doubtless been lessened by the progress of the treaties in Bonn (restoring Western Germany to the family of non-Communist nations) and Paris (to create a single European army). But Congress uneasily awaits their parliamentary receptions and the terms of the guaranty against German withdrawal that the President agreed to recommend to the Capitol. Many Members, noting the slow pace toward an economic union in Europe, echo what is reported to have been General Eisenhower's comment: "What should be done can be done."

3. Our national economy. The argument that the larger risk to the United States in the world has become our mounting deficit and piling national debt has begun to dominate the mail Congressmen are getting from their constituents, and this is election year.

4. The judgment of the chiefs of our armed services. General MacArthur's attacks in this quarter have made an impact even on Members of Congress who think he deserved dismissal by the President and himself was guilty of a great blunder at the Yalu. And the alarming revelations of the weakness of our combat aircraft vis-à-vis Soviet Russia have brought persuasion that incompetence at the Pentagon is more to blame than congressional appropriation policy for the degree of our inferiority.

MR. HARRIMAN'S DUAL ROLE

5. Party politics in the Mutual Security Agency. Beneath the surface of the battle over the foreign aid budget is the adverse factor created by the candidacy of its Director, W. Averell Harriman, for the Democratic

nomination for President. Inevitably this has put MSA into partisan politics. Republicans and Democrats who do not want to see Mr. Harriman in the White House feel he has invited certain pressures that his candidacy will make it hard for him to resist, especially since he has gone all out as the pro-labor candidate and the most active critic of one of the two chief contenders for the Republican nomination, Senator Taft.

The MSA distributes funds supplied by all the taxpayers of the United States, regardless of their political affiliations. For this reason the Director of the Marshall plan, Paul G. Hoffman, scrupulously avoided all contact with any form of politics or economic group interests while he was spending public funds for foreign aid. Mr. Harriman not only has deviated from this course, so plainly indicated for a bursar of money provided by all the people through a bipartisan Congress. He has based his Presidential claim on his devotion to the acts and policies of one faction of the Democratic Party that are the source of violent intraparty controversy.

This has stimulated opposition to the budget Mr. Harriman helped to draw and termed "untouchable at \$7,900,000,000."

DEFERMENT OF COLLEGE STUDENTS

Mr. CARLSON. Mr. President, I do not want to be rated as a kill-joy and I am not opposed to some horse-play in our colleges and universities, but the recent panty raids carried on by students in many of the outstanding universities of the Nation are not wholesome for the morale of our boys who are fighting in Korea.

Not only that, the parents of these boys are expressing themselves in no uncertain terms in regard to the situation in letters to me.

Typical of these letters is one which reads:

BELLEVILLE, KANS., May 22, 1952.

DEAR SENATOR CARLSON: I am enclosing a number of clippings of instances where college men are raiding women's dormitories. Probably 75 percent of these men are deferred from Army service for educational reasons.

We have one boy on the hospital ship *Haven*, anchored at Pusan, Korea, another boy stationed at Erding Air Base near Munich, Germany, and my brother, a recent enlistee, is in the Air Force.

These boys all come from the farm, but the draft crowded them. Suggest you use your influence to give these dormitory raiders a chance to do some raiding in Korea.

We strongly resent any college deferment. If a student rates college let the Army send them to their own schools.

Respectfully,

CHARLES MIKESELL,

ALEXANDER URSZU

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 762) for the relief of Alexander Urszu, which was, to strike out lines 11 and 12, inclusive, and insert "the number of displaced persons who shall be granted the status of permanent residents pursuant to section 4 of the Displaced Persons Act, as amended (62 Stat. 1011; 64 Stat. 219; 50 U. S. C. App. 1953)."

Mr. McCARRAN. This is a private immigration bill. The amendment of

the House merely transfers the quota deduction from the regular quota as was provided for in the Senate bill to the quota for displaced persons pursuant to section 4 of the Displaced Persons Act.

Accordingly, Mr. President, I move that the Senate concur in the House amendment.

The motion was agreed to.

PAULA SLUCKA (SLUCKI) AND ARIEL SLUCKI

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 997) for the relief of Paula Slucka (Slucki) and Ariel Slucki, which was, in line 10 strike out all after "deduct" down to and including "available" in line 12, and insert "two numbers from the number of displaced persons who shall be granted the status of permanent residence pursuant to section 4 of the Displaced Persons Act, as amended (62 Stat. 1011; 64 Stat. 219; 50 U. S. C. App. 1953)."

Mr. McCARRAN. Mr. President, this is a private immigration bill. The amendment of the House merely transfers the quota deductions from the regular quota as was provided for in the Senate bill to the quota for displaced persons pursuant to section 4 of the Displaced Persons Act.

Accordingly, Mr. President, I move that the Senate concur in the House amendment.

The motion was agreed to.

MRS. MADELAINE VIALE MOORE

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1372) for the relief of Mrs. Madelaine Viale Moore, which was, to strike out all after the enacting clause and insert:

That, in the administration of the immigration laws, the provisions of the eleventh category of section 3 of the Immigration Act of 1917, as amended, shall not hereafter apply to Mrs. Madelaine Viale Moore insofar as is involved any conviction or admission of a crime by her of which the Department of Justice and the Department of State have knowledge on the date of enactment hereof.

Mr. McCARRAN. Mr. President, this is a private immigration bill. The amendment of the House merely changes the language so as to more particularly describe just what is being waived under the bill. The language does not change the intent of the bill in any respect.

Accordingly, Mr. President, I move that the Senate concur in the House amendment.

The motion was agreed to.

STEPHEN GOROVE

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1679) for the relief of Stephen Gorove, which was, in line 10, strike out all after "the" down to and including "available" in line 11, and insert "number of displaced persons who shall be granted the status of permanent residence pursuant to section 4 of the Displaced Persons Act, as amend-

ed (62 Stat. 1011; 64 Stat. 219; 50 U. S. C. App. 1953)."

Mr. McCARRAN. Mr. President, this is a private immigration bill. The amendment of the House merely transfers the quota deduction from the regular quota as was provided for in the Senate bill to the quota for displaced persons pursuant to section 4 of the Displaced Persons Act.

Accordingly, Mr. President, I move that the Senate concur in the House amendment.

The motion was agreed to.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the concurrent resolution (S. Con. Res. 66) favoring the suspension of deportation of certain aliens, which was, on page 5, strike out line 1.

Mr. McCARRAN. Mr. President, this is a concurrent resolution respecting the suspension of deportation of certain aliens. The House has amended the resolution by striking out a case which was withdrawn by the Attorney General.

Accordingly, Mr. President, I move that the Senate concur in the House amendment.

The motion was agreed to.

DISTRICT OF COLUMBIA GASOLINE TAX

Mr. HUNT. Mr. President, on May 7 the Senate, by unanimous consent, passed S. 2703, a bill to provide a tax on gasoline sold in the District of Columbia. However, in the House, because of an interpretation of the constitutional provision relating to the raising of revenue, the House committee introduced their own bill, H. R. 6811, which is identical with S. 2703, and the bill was passed. I ask unanimous consent that the Senate proceed to the consideration of House bill 6811.

The VICE PRESIDENT laid before the Senate the bill (H. R. 6811) to amend the act entitled "An act to provide for a tax on motor vehicle fuels sold within the District of Columbia, and for other purposes," approved April 23, 1924, as amended, and for other purposes, which was read twice by its title.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 6811) was considered, ordered to a third reading, read the third time, and passed.

MUTUAL SECURITY ACT OF 1952

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business, which is S. 3086.

The Senate resumed the consideration of the bill (S. 3086) to amend the Mutual Security Act of 1951, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. WELKER] for himself and other Senators.

Mr. GEORGE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. McFARLAND. Mr. President, I ask unanimous consent that the order for the quorum call be vacated, and that further proceedings under the call be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. McFARLAND. Mr. President, we are anxious to complete consideration of this bill, as well as of other pending legislation. As I have previously said, we are trying to make a drive this week and next week to see how much can be accomplished, in order to determine whether or not the Congress can adjourn by July 5. I have talked with the distinguished minority leader. In order to accomplish our aim, we must expedite the consideration of legislation.

I ask unanimous consent that beginning tomorrow at 12 o'clock there be a limitation of debate on the pending measure as follows:

One hour on each amendment, to be divided equally, the time to be controlled by the proponent of the amendment and the distinguished Senator from Texas [Mr. CONNALLY] in the event that he is against the amendment, and in the event he favors it, by the distinguished minority leader or any Senator he may designate; that the time for debate on the bill itself to be limited to 1 hour, to be divided equally and controlled, respectively, by the distinguished Senator from Texas [Mr. CONNALLY] and by the distinguished minority leader, the Senator from New Hampshire [Mr. BRIDGES], or anyone designated by him; that all amendments must be germane; and that motions and appeals be also included in the limitation.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona?

The Chair hears none, and the order is entered.

The unanimous-consent agreement, as subsequently reduced to writing, is as follows:

Ordered, That, beginning at the hour of 12 o'clock noon on Wednesday, May 28, 1952, debate upon the bill (S. 3086) to amend the Mutual Security Act of 1950, and for other purposes, be limited as follows:

(1) One hour on each amendment or motion, including appeals, to be equally divided and controlled by the mover of any such amendment or motion and Mr. CONNALLY in the event he is opposed to such amendment or motion; otherwise by Mr. BRIDGES or someone designated by him: *Provided*, That no amendment or motion that is not germane to the subject matter of said bill shall be received; and

(2) One hour on the question of the final passage of the bill, to be equally divided and controlled by Mr. CONNALLY and Mr. BRIDGES.

DEFENSE PRODUCTION ACT—UNANIMOUS-CONSENT AGREEMENT

Mr. MAYBANK. I should like to ask a question of the distinguished majority leader. I inquire what his plans are with respect to legislation to be considered

after the Senate disposes of the mutual security bill.

Mr. BRIDGES. I was going to ask the same question of the distinguished majority leader. I was wondering whether the plan was to take up the controls bill immediately after the Senate disposes of the mutual security bill.

Mr. McFARLAND. It is planned to take up the defense production bill after the pending bill is disposed of. I understand that no appropriation bills are ready for action. Therefore, following action on the mutual security bill, we shall proceed immediately to the consideration of the defense production bill. It is my hope that we can finish consideration of the mutual security bill in the early afternoon tomorrow, and perhaps have a call of the calendar tomorrow evening.

Mr. MAYBANK. Mr. President, let me say with reference to the control bill, inasmuch as the distinguished majority leader has suggested that it will be taken up after we have concluded consideration of the mutual security bill and after a call of the calendar, that a good many amendments are to be proposed to title 4 and to title 5 as contained in the amendment reported by the committee in the nature of a substitute for the control bill. Title 4 refers to price and wage controls, and title 5 covers labor disputes. I have been discussing the matter with the minority leader, the majority leader, and the distinguished Senator from Illinois [Mr. DIRKSEN], who made a motion in committee to strike out title 4 and title 5.

I believe it would be the part of wisdom, for the benefit of all Senators, if, in considering the committee amendment, we proceed under a unanimous consent agreement to vote first on whether title 4 and title 5 shall be stricken out. If we are to spend a week in considering a great many amendments in order to perfect title 4 and title 5, and then later vote to strike out either or both titles as amended, a great deal of arduous work on the part of Senators will have been wasted after long sessions of the Senate.

I was wondering whether the majority leader and the minority leader have discussed the possibility of entering into a unanimous consent agreement along the line I have suggested. I appreciate the fact that perhaps it cannot be done today. On the other hand, if we do not enter into a unanimous consent agreement I shall have to move to suspend rule XVI of the Senate.

The VICE PRESIDENT. Such an agreement could be entered into at this time, in order to proceed in that way when the bill is taken up by the Senate.

Mr. MAYBANK. In view of the fact that I spoke to the majority leader and the minority leader, since the Senator from Illinois [Mr. DIRKSEN] is in the Chamber, and knowing the situation we will face when the control bill comes before the Senate, I should like to ask the minority leader and the majority leader for their judgment on the suggestion I have made.

Mr. McFARLAND. I have discussed the subject with the distinguished minority leader and with the distinguished

Senator from Illinois, and, so far as I know, there is no objection to such a procedure.

Mr. President, I ask unanimous consent that when the Senate begins the consideration of the control bill (S. 2594) a motion to strike from the committee amendment title 4 or title 5, or to strike both titles, may be made, with the understanding and agreement that if the motion does not prevail, any amendment may thereafter be offered to either title.

Mr. HOLLAND. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Florida will state it.

Mr. HOLLAND. In the event the course of action suggested by the majority leader should be followed, would it preclude later the renewal of a motion to strike a title, provided amendments proposed to such title were agreed to or rejected, which might change the thinking of a Senator with reference to the desirability of retaining the particular title in the bill?

The VICE PRESIDENT. If the agreement suggested by the Senator from Arizona is entered into, the Chair would understand it to mean that a vote would first come on a motion to strike out title 4 and title 5. If the motion were defeated, any amendments would be in order to either title. If the motion prevailed, of course, that would end it, and there would be no title 4 or title 5 in the bill.

Mr. HOLLAND. If I may renew my request for a ruling, I understand perfectly well that what the majority leader intends to do is to have a motion made based upon the question of whether title IV—that is the title which deals with price and wage controls—shall remain in the bill. Assuming that such a motion failed, amendments could be offered to title IV. The purpose of my question is to invite a ruling as to whether or not, after amendments have been offered and acted upon, it would be in order to again make a motion to strike title IV.

The VICE PRESIDENT. The Chair thinks it would be in order, after any amendments were agreed to with respect to either of the titles referred to, to move to strike out the title as amended.

Mr. McFARLAND. Of course the striking out would be by way of an amendment, rather than a motion.

The VICE PRESIDENT. The Chair has not seen the bill. Therefore the Chair does not know what the committee amendments may be. There may be one committee amendment. The Chair does not know about it. If a motion to strike out a title is voted on first and it prevails, that takes the title out of the bill. If the motion does not prevail, the title is open to amendment. In that event a motion could be made later to strike out the title as amended.

Mr. MAYBANK. In my judgment the ruling of the Chair is entirely correct. The reason I brought up the point was that it was our desire to ascertain whether the Senate would retain title IV or title V, or both, with the understanding that afterward, if either title were amended, and, as amended, it was unsatisfactory to any one Senator who

voted to retain it in the bill, he could, so to speak, reverse himself and vote to strike out the title.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona?

Mr. BRIDGES. Reserving the right to object—and I shall not object—it is my understanding that the unanimous-consent request asked for on the control bill—and of course we are looking somewhat to the future with respect to this agreement—has to do solely with a possible amendment to strike out certain titles of the bill, and, if such an amendment is rejected, to allow amendments to be proposed to the titles without prejudice.

Mr. McFARLAND. It is my understanding that the rule of the Senate provides that if an amendment is offered to strike out a title, and perfecting amendments are offered, it is necessary to vote on the perfecting amendments before it is possible to vote on the amendment to strike out a title. The purpose of the agreement is to get around that rule of the Senate.

Mr. MAYBANK. That is correct.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona? Let the Chair state what he understands the request to be. The unanimous-consent request is that when the control bill, S. 2594, is before the Senate, if a motion is made to strike out title 4 or title 5, such motion shall be first voted upon. If the motion prevails, that title goes out of the bill. If the motion does not prevail, amendments to the title are in order, as if the motion had not been made. Thereafter, if amendments are added to such a title, a motion would then be in order to strike out the title as amended.

Is there objection to the request of the Senator from Arizona? The Chair hears none, and the order is entered.

The Chair would like to congratulate the majority leader and the minority leader and all other Senators for the obviously sincere effort to make some progress. It is very pleasing to the Chair, one of whose duties it is, of course, to try to facilitate the transaction of business by the Senate.

Mr. MAYBANK subsequently said: Mr. President, from the Committee on Banking and Currency, I report favorably, with amendments, the bill (S. 2594) to extend the provisions of the Defense Production Act of 1950, as amended, and the Housing and Rent Act of 1947, as amended, and I submit a report (No. 1599) thereon. I ask unanimous consent that minority views may be submitted later in the day by the Senator from Illinois [Mr. DOUGLAS], the Senator from Michigan [Mr. MOODY], and the Senator from Connecticut [Mr. BENTON], and be printed with the majority report.

The VICE PRESIDENT. The report will be received, and the bill will placed on the calendar; and, without objection, the minority views may be filed and printed, as requested by the Senator from South Carolina.

MUTUAL SECURITY ACT OF 1952

The Senate resumed the consideration of the bill (S. 3086) to amend the Mutual Security Act of 1951, and for other purposes.

Mr. DWORSHAK. Mr. President, yesterday I called the attention of the Senate to the No. 1 issue, volume 1 of the Mutual Security News, reflecting the political aspects of the mutual-security program.

I understand that copies of this publicity sheet were mailed to thousands of newspapers throughout the United States, with the accompanying card which I shall read. It is a return postal card:

MUTUAL SECURITY AGENCY,
Washington 25, D. C.:

Please add our name to the list of newspapers to receive Mutual Security News as issued. It is understood that it will be supplied without charge to us.

Newspaper -----
Publisher -----
Town or city -----
State -----

This postal card is evidence that the Mutual Security Agency is planning to spend, for propaganda purposes, thousands of the taxpayers' very important dollars which are involved in the pending authorization bill.

I am sure that Members of the Foreign Relations Committee which has reported the bill—and particularly the distinguished chairman of the committee—are amazed at the effrontery displayed by the officials of the Mutual Security Agency in proposing to undertake an extensive propaganda campaign to "sell" to the taxpayers of the United States the foreign spending program.

Mr. President, I had been engaged in newspaper work for most of my adult life prior to coming to Congress. I know that there may be some legitimate reason for disseminating information—although probably not so widely as in this case—dealing with the foreign spending program, merely from the standpoint of publicity and information which the people should have in regard to this important subject.

I am sure, however, that all other Members of the Senate will agree with me that when such publicity is hand-picked and censored and controlled entirely by the public relations bureau within the Mutual Security Agency, the people of the United States will not get a true, impartial story concerning this program, but can expect only the propaganda which will justify the administration's spending of these billions of dollars abroad.

Mr. President, this morning, after having only partially recovered from the shock I received yesterday when I read a copy of No. 1, volume 1, of Mutual Security News, I was amazed when I read in today's Washington Post—and I assume practically every other Member of this body has read the same story—an article relating to 7-week tour of Europe, to be paid for by the Mutual Security Agency. Inasmuch as it is possible that

some Members of the Senate may not yet have read the article, I shall go into detail regarding it, because I am sure all Senators should have this information.

The article reads as follows:

FARM EDITORS FLY TO EUROPE AS MSA PAYS

A 7-week tour of Europe by air, all expenses paid, is being provided a group of farm editors and farm organization leaders by the Mutual Security Agency, successor to the Economic Cooperation Administration.

The group left New York last night by Pan American plane. Its members will visit six or seven countries, a public relations officer for MSA told the Washington Post last night. They will return about July 10.

Estimates of the cost of the trip vary. Transportation to the places indicated by the schedule released by MSA alone would cost between \$1,000 and \$1,200 for each passenger, Transatlantic Airways report. One MSA official estimated the total cost if made at personal expense would be around \$6,000 or \$6,500.

On the trip are:

Radio editors: Claude Mahoney, farm program director, Columbia Broadcasting System; Samuel Schneider, president, Radio Farm Directors, KVOO, Tulsa, Okla.; C. W. Jackson, farm program director, KCMR, Kansas City, Mo., and Lawrence Haeg, farm program director, WCCO, Minneapolis, Minn.

Magazines: Earl McMunn, editor Ohio Farm, and correspondent, Capper Publications, Topeka, Kans.; Eugene Butler, the Progressive Farmer, Dallas, and Donald S. Watson, the New England Homestead, Springfield, Mass.

Farm organizations: Ted F. Berry, editor, Washington State Grange News, Seattle; R. S. Gilfillan, editor, Farmers Union Herald, St. Paul, Minn.; Gwynn Garnett, American Farm Bureau Federation, Washington, and Kit Haynes, National Council of Farmers Cooperatives, Washington.

Accompanying the party will be C. H. Bernhard, information specialist, MSA, and Eddy van der Veen, MSA photographer.

The group will arrive in Paris today, and will travel about France, Belgium, Luxembourg and the Netherlands until June 10, with several free days in Paris. On June 10 they will be flown to Rome, where they will visit all sections of Italy and all prominent Italian cities until June 15, when they will go by air to Bonn, Germany. After 2 weeks in Germany, they will go by air to Vienna for another 10-day visit, thence back to Paris. They will return about July 10.

Purpose of the trip, according to Thomas D. Durrance, foreign liaison officer at MSA, is to study the betterment in European rural living as the result of Marshall plan aid and the improvement of living standards and farm production.

That is the entire article which appeared in this morning's Washington Post.

Naturally, Mr. President, I was so amazed by the import and the implications of this news article, that I immediately began to make a check, to determine its authenticity. I looked in the New York newspapers and in other Washington newspapers, and I was surprised to find that in no other newspaper could I find an article along the same line, telling about this junket which has been arranged by the Mutual Security Agency at a time when this body, the Senate of the United States, has under consideration an authorization bill call-

ing for billions of dollars to be spent abroad.

Finally, Mr. President, I called the Washington Post, to ascertain whether it had a "scoop" over other newspapers in the United States, in the case of this particular article. I was surprised to learn that probably that is the fact. Of course, Mr. President, agencies such as the Mutual Security Agency and the other Government bureaus and agencies which purvey public information and have press agents release thousands of circulars or hand-outs when they wish to have publicity of a certain kind reach the American people. But, Mr. President, in this instance I ascertained that the Washington Post had been invited to have a representative of its editorial department accompany this delegation, consequently it was aware of this trip; and because of the invitation it had received it was possible for it to have this very pertinent information at this time. I said, "Well, probably the MSA Press Agency issued several thousand of these releases." I was told that that was not the case, that it was reasonably certain that no publicity had been issued or released by MSA at this time, concerning this junket of publicity agents, editors, and other representatives of American newspapers and radio stations, to spend 7 weeks at public expense checking over the results of the Marshall plan and the ECA.

Yet, Mr. President, obviously more important than that is the implication that, in this election year, when such editors and other representatives will have returned to their respective homes within the United States, they will feel obligated to sell this foreign-aid program to the American people through the agencies of their respective newspapers and radio outlets.

What difference does it make, particularly at this time, what the results have been of the spending of these billions of dollars abroad, if newspapermen can make personal inspections and investigations, so that they may supply certain information to the American people? I know that this is not the only delegation of publicity men and women from this country whose expenses have been paid upon European junkets by MSA and by the State Department and other agencies.

One reason, Mr. President, why I feel compelled to mention this particular fact at this time is that throughout the United States there are newspapers, and people not connected with newspapers, who frequently criticize Members of Congress when they go abroad to make inspections or investigations. Critics immediately label such trips as junkets at public expense. I presume, Mr. President, it is all right for MSA to spend a great deal of money, amounting probably to several million dollars, in order to create favorable publicity in support of the foreign-aid program, whereas if a Member of Congress in the discharge of his official duties were to undertake a comparable trip abroad, he would be subjected to the charge of being on a

junket—an unnecessary junket—at public expense.

It may be interesting to note, Mr. President, that a recent official report, submitted by the United States Civil Service Commission, indicates that currently there are about 96,350 civilian employees working abroad, in addition to about 85,000 civilian employees working in our various Territories and possessions. So 96,350 civilian employees are working outside the United States and outside our Territories and possessions. I suppose several thousand of them are engaged in the promotion of MSA and other spending programs which currently are involving many billions of dollars.

I should like to call the attention of the Senators, particularly the members of the Committee on Foreign Relations—because I know they are sincerely eager to see that this program is successful—to certain figures submitted recently in a report by the United States Department of Commerce, showing that from the beginning of World War II to December 31, 1951, a total of \$88,000,000,000 had been expended abroad. I shall not take the time to tell about the MSA program, the UNRRA and other similar programs, and various other spending programs abroad, because all Members of this body are fully conversant with those programs. I understand that during the present year \$16,000,000,000 are available for various spending programs abroad. The mutual security bill, as recommended by the President, would have made available another \$8,000,000,000, making a total of \$112,000,000,000 to be spent abroad within the short period of 12 years.

Mr. President, it is unfortunate that any Member of this body should rise upon the floor of the Senate and suggest that if we cut this appropriation for foreign spending we would be turning our back upon our allies.

Mr. President, as a Member of the Senate I resent such an insinuation. I think the Members of this body should recognize their responsibilities and obligations to reflect the thinking of the people of the United States, who are being called upon to pay burdensome taxes to meet a budget of \$80,000,000,000, or \$85,000,000,000, and the attending inflationary annual deficits. Yet when Members of this body, charged with the responsibility of authorizing appropriations for the Executive Department, undertake to cut by a single dollar any of these spending programs, the representatives of the Commander in Chief stand upon this floor to criticize those of us who believe we are trying to serve the interests of our people who pay the taxes. We must maintain a strong domestic economy, so that, in exercising our leadership in U. N. and NATO and other organizations, we shall be able to help not only ourselves in resisting Red aggression, but also be in a much stronger position to help the free countries with whom we are identified at this time.

Mr. President, I think it behooves the Senate to reflect seriously, if only for a few moments, upon a bill of this mag-

nitude, when it is recognized that no partisanship should be involved. On past occasions, and also during the current debate, we have heard many speakers point out that we ought to have a bipartisan approach. Mr. President, I ask, How can we have mutual understanding and confidence and a bipartisan approach at a time when Averell Harriman, Director of the Mutual Security Agency, is spending all his time, and probably the taxpayers' dollars, traveling over the United States, building himself up as a potential Presidential candidate?

If the party to which he belongs wants Harriman for its nominee, that is its business. But, Mr. President, how can we, the Members of this body, have a nonpartisan approach to the solution of such problems as those involving the spending of billions of dollars abroad, at a time when we know there is political chicanery, political strategy, and political planning in the minds of Mr. Harriman and his associates, who, I fear, are utilizing the MS program in this particular case to advance their own political interests?

Mr. President, I am calling the attention of this body to these facts, and I am appealing to members of the Committee on Foreign Relations, who are sincere men, to join with me in supporting the amendment which I have submitted, restricting the use of money for such propaganda as is reflected in the MS News, which it is probably planned to issue at intervals throughout the year, and for sending delegations of newspaper editors abroad. I think it needs no real argument to convince Members of this body that in this program we can find little but partisan politics, in addition to the unnecessary spending of millions of dollars which could better be used at home, or upon legitimate projects under the MS Agency abroad.

Mr. President, I have hesitated to make this speech. I have been very reluctant to make it, because I have thought that we should keep this debate on a much higher plane. But I submit that when the MSA undertakes propaganda programs, it immediately becomes the responsibility of every Member of the Senate to investigate some of those activities, and to put restraints upon this spending. Furthermore, if the American people are to continue to support foreign-aid programs, involving billions of dollars, then certainly they should have absolute assurances that partisan politics by the MSA is not an important part of such programs. This is the objective of my amendment.

Mr. JOHNSON of Texas. Mr. President, the Senate is confronted today with a vitally important but essentially simple proposition.

We have committed six divisions of ground troops to Europe.

We have committed 12 air wings to Europe.

We have established bases in Europe for those divisions and those wings.

We are signatories to the North Atlantic Treaty.

The question before us now is how much money we are going to authorize to back up the men in those divisions and the men in those wings. We are here to determine the extent to which we will support the bases that we have and our treaty obligations.

The Bureau of the Budget—the administration's official spokesman—set the figure at \$7,900,000,000. The Senate Foreign Relations Committee and the Senate Armed Services Committee both held hearings on that proposal.

In the Senate Armed Services Committee, we called the following witnesses to explain the measure: Secretary of Defense Robert A. Lovett; Secretary of State Dean Acheson; Chairman of the Joint Chiefs of Staff, Gen. Omar N. Bradley; Director for Mutual Security W. Averell Harriman; Secretary of the Air Force Thomas K. Finletter.

In addition to testimony from these gentlemen, we received a cabled statement from Gen. Dwight D. Eisenhower commenting on the adequacy of the program.

These are the men to whom we have entrusted the defense of the United States. These are the men to whom we look for the safety and security of our Nation and for leadership in the struggle to defend the principles of freedom upon which this country was founded.

I believe we should consider their testimony carefully. I believe we must give heavy weight to their conclusions and their recommendations. Here is what they said:

The Secretary of Defense said:

If it is important that we stand firm against attack, it is equally important that our friends are in position to stand firm beside us; that, as the Committee knows, is the basis of the Mutual Security Act.

The Secretary of State said:

I should like to have an opportunity to say, with a great deal of conviction, to the Committee that I think any reduction in the amount asked for will have very harmful results to the security of the United States.

The Chairman of the Joint Chiefs of Staff said:

The Mutual Security Program is the key-stone of the whole collective-security effort of the free world. Without it, the time when we will reach a position of relative security is too far distant and the risk is too great.

The Director for Mutual Security said:

This program is less costly than any other means by which we may seek to insure our security.

The Secretary of the Air Force, discussing certain types of equipment, said:

You are buying more security by sending them to NATO than by keeping them here.

General Eisenhower said:

My personal view is that any cut for this year of much greater magnitude than \$1,000,000,000 would in the long run be uneconomic if we are to carry on to the reasonable level of collective security that our own safety demands.

Mr. President, the substance of this testimony can be summed up in two short sentences.

First, the collective defense of Europe and the free world, is essential to our survival as a free Nation.

Second, since we have adopted that principle, we must support it with sufficient military and economic strength to insure that the job is done.

That is the viewpoint of our defense leaders. That is the viewpoint to which Congress committed itself when it voted originally to authorize these programs. That is why we have sent 6 divisions and 12 air wings to Europe.

I believe this request can be cut. I have signified already my approval of a 12½-percent cut and I am going to vote to sustain that cut. If a similar cut were made in the entire budget, we would have nearly \$9,000,000,000.

But I do not believe we can go below that figure. In my opinion, to cut further would be to risk a dangerous cut in the adequacy of the whole program. It would mean endangering the security of the soldiers we have already sent overseas.

We have spent billions of dollars in getting a start on this program for collective defense. I, for one, cannot pull out at this point. Those who voted against the program from the start can vote without inconsistency now to abandon that which has so painstakingly been built.

But I do not believe the rest of us—the majority of Congress—can consistently follow their lead.

We are, of course, compelled by the realities of economies to cut somewhere along the line. There are not enough resources, facilities, or trained men in the free world to give us everything we should like to have or even everything we need at the time we need it.

We shall not serve either ourselves or the free world by going bankrupt. But neither shall we serve ourselves by abandoning the men and the materials we have committed already to the defense of the free world.

This is a situation which requires the most careful and cold-blooded calculations. We must balance our economic strength and military potential against the threat to our survival. And we must weigh in that balance the realization that every day in which we postpone the attainment of an adequate defense is 1 day further from national safety.

Let us pause for a moment and see precisely what we are doing when we cut the Mutual Security appropriation.

Every \$133,000,000 we cut from this bill could result in the loss of one European division to the North Atlantic Treaty Organization.

Every \$25,000,000 we cut from this bill could result in the loss of one fighter-bomber squadron.

Every \$400,000 we cut from this bill could silence the artillery of one division for a complete day.

To my mind, these are figures of the most serious magnitude. These are the facts which we must consider soberly when we approach this problem.

We can, if we desire, lose ourselves in a maze of percentages. We can argue about a 10-percent cut or a 12½-percent cut, or a 30-percent cut. But under no

circumstances should we forget the one overriding percentage figure.

It would be the utmost of folly to be only 10-, 50-, or even 90-percent prepared for a 100-percent war.

Mr. President, let me repeat. I am going to support a 12½-percent cut in this bill as it came to us from the Bureau of the Budget. I am going to vote for a slice of \$1,000,000,000 from the \$7,900,000,000 which was requested.

I am supporting that cut because I believe that the billion dollars would buy things that are desirable but not absolutely necessary. I hope that this will enable our leaders to eliminate waste without endangering the program.

These are times of staggering economic burdens. Our people are being taxed as they have never before been taxed. Our wealth and our resources are being poured into the greatest military machine we have ever built in what is technically known as peacetime.

The impact of these burdens is felt by all of us. Throughout the country, the cry is for economy. The Congress is quite properly responding to that call.

The people want us to cut out the waste and it is our duty to heed their expressed desire. But we must remember that there is no waste as great as a job half done.

We do not restrict a wounded soldier to a pint of blood when 2 pints are needed to save his life.

We do not ration a fighting plane to gas for 500 miles when it must fly 800 miles to attack the enemy.

It would be cheaper in terms of money to buy only the pint of blood. But then we would lose both the blood and the soldier. It would be cheaper in terms of money to buy only the gas for 500 miles. But then we would lose the gas, the airplane, and the pilot.

Similarly, it would be cheaper in terms of money to provide our allies, including our six divisions, with only half of what they need to fight communism. But if we make that decision, we shall do so at the risk of losing our six divisions, our allies, and freedom—freedom for ourselves and our posterity.

The lessons of all history are clear. No nation stands to lose so much as the nation that is unwilling to do those things which its security requires. No people can survive who are fearful of the task that is before them.

The task that is before us is obvious. It is to protect ourselves, our children, our free institutions, from the threat of tyranny.

We can, if we wish, turn our faces from the rest of the free world. We can, if we wish, decide to walk alone. We can, if we wish, close our eyes as our neighbors, one by one, are driven from their houses by thieves.

But let us not deceive ourselves as to what we are doing. It does not require all-seeing wisdom to foretell the fate of our allies should we decide to let them "go it alone." The future is written already in the pattern of world-wide Communist aggression. They would fall, and with them would go the six divisions and 12 wings already in Europe.

It does not require divine knowledge to foretell the future of the United States should we permit the rest of the free world to fall. We would lie huddled behind two oceans, seeking frantically to build greater and even greater defenses against what would eventually be the onslaught of the rest of the globe.

Our sea frontiers would be New York Harbor and San Francisco Bay. Our air defenses would be based upon Chicago, Pittsburgh, Birmingham, and Dallas. Our front lines would be the streets and avenues of our great cities and the broad and fertile acres of our plains.

Mr. President, I know there is no serious intent here to abandon Europe and the free world entirely. I do not believe that is the temper of this Congress. I know that is not the temper of our people. But by temporizing, by faint-hearted measures, by half steps, we can gain nothing but a postponement of the evil day.

We must face frankly the fact that the defense of the free world today is impossible without our bold, whole-hearted cooperation. We must acknowledge to ourselves that we and only we have the strength and the resources among the free nations to guide our own destiny.

The other free nations of the earth are spent and exhausted from two world wars which devastated their lands and scarred their cities. They must look to us for leadership.

Their determination to resist will be no greater than ours. That which we cut from this program they may match with cuts of their own. And every cut by any of us means just that much less support for the 6 divisions and the 12 air wings we have committed already.

There are strong temptations bearing upon all of us to take heavy whacks at this bill with a meat cleaver. Those temptations present themselves with particular force in an election year. But I believe there is a rule of thumb for charting a course through the political storms.

No political life is worth a soldier's life. I think that is axiomatic, and the American people will hold us to that axiom.

Mr. President, we have 6 divisions and 12 air wings which we have committed to Europe. Those 6 divisions and 12 air wings, together with their supporting units, represent men, American men.

Should the day come that our common enemy cast the die and turn the cold war into a hot war, those men would bear the brunt of the onslaught. I want none of them to be able to look at me and say:

"Why did you refuse us the support that might have saved us? Why did you abandon us to our fate?"

Mr. President, I am a strong advocate of real economy. My whole record as chairman of the Senate Preparedness Committee is evidence of that point. I am not of the opinion that Presidential recommendations must be accepted without question.

There unquestionably has been waste in both our military and nonmilitary expenditures. It is our responsibility to exercise close control over the Nation's purse and eliminate some of that waste.

Therefore, I am supporting the pending bill as it was brought to the floor of the Senate by two standing committees of the Senate. I believe the cuts they have made are judicious, and afford an opportunity to eliminate waste.

I urge my colleagues to stand by those committees.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names.

Aiken	Hendrickson	Millikin
Anderson	Hickenlooper	Moody
Bennett	Hoey	Morse
Bricker	Holland	Mundt
Bridges	Humphrey	Neely
Butler, Nebr.	Hunt	Nixon
Byrd	Ives	O'Mahoney
Carlson	Jenner	Pastore
Case	Johnson, Colo.	Robertson
Chavez	Johnson, Tex.	Russell
Connally	Kem	Schoeppel
Cordon	Kilgore	Smathers
Dirksen	Lehman	Smith, Maine
Douglas	Lodge	Smith, N. J.
Dworshak	Long	Smith, N. C.
Eastland	Malone	Stennis
Ferguson	Martin	Watkins
Fulbright	Maybank	Welker
George	McCarran	Williams
Gillette	McCarthy	Young
Green	McFarland	
Hayden	McKellar	

Mr. JOHNSON of Texas. I announce that the Senator from Connecticut [Mr. BENTON], the Senators from Kentucky [Mr. CLEMENTS and Mr. UNDERWOOD], the Senator from Delaware [Mr. FREAR], the Senator from Missouri [Mr. HENNINGSON], the Senators from Alabama [Mr. HILL and Mr. SPARKMAN], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. MONRONEY], and the Senator from Maryland [Mr. O'CONOR] are absent on official business.

The Senator from Louisiana [Mr. ELLENDER] is absent because of a death in his family.

The Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], and the Senator from Arkansas [Mr. McCLELLAN] are absent by leave of the Senate.

The Senator from Connecticut [Mr. McMAHON] is absent because of illness.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a delegate from the United States to the International Labor Organization Conference, which is to meet in Geneva, Switzerland.

Mr. BRIDGES. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from Maryland [Mr. BUTLER], the Senator from Pennsylvania [Mr. DUFF], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Nebraska [Mr. SEATON], the Senator from Ohio [Mr. TAFT], and the Senator from New Hampshire [Mr. TOBEY] are necessarily absent.

The Senator from Washington [Mr. CAIN], the Senator from California [Mr. KNOWLAND], and the Senator from Minnesota [Mr. THYE] are absent by leave of the Senate.

The Senator from Vermont [Mr. FLANDERS] and the Senator from Wisconsin [Mr. WILEY] are absent by leave of the Senate for the purpose of attending the Conference of the International Council for Christian Leadership at The Hague.

The Senator from Indiana [Mr. CAPEHART], the Senator from Montana [Mr. ECTON], and the Senator from North Dakota [Mr. LANGER] are absent on official business.

The PRESIDING OFFICER. A quorum is present.

Mr. DIRKSEN. Mr. President, as I understand, the vote about to be taken is on the amendment offered by the Senator from Idaho [Mr. WELKER], for himself and 10 other Members of the Senate, which would reduce the amount in the pending bill by \$1,000,000,000, apportioned among 13 items in the bill.

The PRESIDING OFFICER. The Senator from Illinois is correct in his understanding. The question is on the amendment offered by the Senator from Idaho [Mr. WELKER], for himself and 10 other Senators.

Mr. DIRKSEN and other Senators demanded the yeas and nays.

The yeas and nays were ordered.

Mr. CONNALLY. Mr. President, as I understand, the vote is on the \$1,000,000,000 amendment offered by the Senator from Idaho [Mr. WELKER].

The PRESIDING OFFICER. The vote about to be taken is on the amendment offered by the Senator from Idaho [Mr. WELKER], for himself and other Senators.

Mr. CONNALLY. I desire to advise the Members of the Senate that this would be a disastrous amendment if it were adopted. All authorities, military and high civilian, including the Joint Chiefs of Staff and General Eisenhower, regard the proposed cut of \$1,000,000,000 as disastrous. Such a cut would probably force a reconsideration of the whole defensive set-up in Europe. I certainly hope that the Senate will not adopt such an amendment.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. WELKER] for himself and other Senators. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MAYBANK (when his name was called). On this vote I have a live pair with the Senator from Connecticut [Mr. McMAHON]. If the Senator from Connecticut were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea."

The roll call was concluded.

Mr. JOHNSON of Texas. I announce that the Senator from Connecticut [Mr. BENTON], the Senators from Kentucky [Mr. CLEMENTS and Mr. UNDERWOOD], the Senator from Delaware [Mr. FREAR], the Senator from Missouri [Mr. HENNINGSON], the Senators from Alabama [Mr. HILL and Mr. SPARKMAN], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. MONRONEY], and the Senator from Maryland

[Mr. O'CONNOR] are absent on official business.

The Senator from Louisiana [Mr. ELLENDER] is absent because of a death in his family.

The Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], and the Senator from Arkansas [Mr. McCLELLAN] are absent by leave of the Senate.

The Senator from Connecticut [Mr. McMAHON] is absent because of illness.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, have been appointed a delegate from the United States to the International Labor Organization Conference, which is to meet in Geneva, Switzerland.

I announce that the senior Senator from Maryland [Mr. O'CONNOR] is paired on this vote with the junior Senator from Maryland [Mr. BUTLER]. If present and voting, the senior Senator from Maryland would vote "yea" and the junior Senator from Maryland would vote "yea."

I announce also that on this vote the Senator from South Carolina [Mr. JOHNSTON] is paired with the Senator from Delaware [Mr. FREAR]. If present and voting, the Senator from South Carolina would vote "yea," and the Senator from Delaware would vote "nay."

I announce further that if present and voting, the Senator from Connecticut [Mr. BENTON], the Senator from Missouri [Mr. HENNING], the Senators from Alabama [Mr. HILL and Mr. SPARKMAN], the Senator from Tennessee [Mr. KEFAUVER], the Senators from Oklahoma [Mr. KERR and Mr. MONRONEY], the Senator from Washington [Mr. MAGNUSON], and the Senator from Montana [Mr. MURRAY] would vote "nay."

Mr. BRIDGES. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from Maryland [Mr. BUTLER], the Senator from Pennsylvania [Mr. DUFF], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Nebraska [Mr. SEATON], the Senator from Ohio [Mr. TAFT], and the Senator from New Hampshire [Mr. TOBEY] are necessarily absent.

The Senator from Washington [Mr. CAIN], the Senator from California [Mr. KNOWLAND], and the Senator from Minnesota [Mr. THYE] are absent by leave of the Senate.

The Senator from Vermont [Mr. FLANDERS], and the Senator from Wisconsin [Mr. WILEY] are absent by leave of the Senate for the purpose of attending the Conference of the International Council for Christian Leadership at The Hague.

The Senator from Indiana [Mr. CAPEHART], the Senator from Montana [Mr. ECTON], and the Senator from North Dakota [Mr. LANGER] are absent on official business.

If present and voting the Senator from Pennsylvania [Mr. DUFF], the Senator from California [Mr. KNOWLAND], and the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "nay."

On this vote the junior Senator from Maryland [Mr. BUTLER] is paired with the senior Senator from Maryland [Mr. O'CONNOR]. If present and voting the junior Senator from Maryland would vote "yea," and the senior Senator from Maryland would vote "nay."

On this vote the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Vermont [Mr. FLANDERS]. If present and voting the Senator from Indiana would vote "yea," and the Senator from Vermont would vote "nay."

On this vote the Senator from Washington [Mr. CAIN] is paired with the Senator from Wisconsin [Mr. WILEY]. If present and voting the Senator from Washington would vote "yea" and the Senator from Wisconsin would vote "nay."

On this vote the Senator from Ohio [Mr. TAFT] is paired with the Senator from New Hampshire [Mr. TOBEY]. If present and voting the Senator from Ohio would vote "yea," and the Senator from New Hampshire would vote "nay."

On this vote the Senator from Montana [Mr. ECTON] is paired with the Senator from Maine [Mr. BREWSTER]. If present and voting the Senator from Montana would vote "yea," and the Senator from Maine would vote "nay."

The result was announced—yeas 27, nays 35, as follows:

YEAS—27

Bennett	Hickenlooper	Millikin
Bricker	Jenner	Mundt
Bridges	Johnson, Colo.	Schoeppel
Butler, Nebr.	Kem	Smith, Maine
Byrd	Long	Smith, N. C.
Case	Malone	Watkins
Cordon	Martin	Welker
Dirksen	McCarthy	Williams
Dworschak	McKellar	Young

NAYS—35

Aiken	Hendrickson	Moody
Anderson	Hoey	Morse
Carlson	Holland	Neely
Chavez	Humphrey	Nixon
Connally	Hunt	O'Mahoney
Douglas	Ives	Pastore
Eastland	Johnson, Tex.	Robertson
Fulbright	Kilgore	Russell
George	Lehman	Smathers
Gillette	Lodge	Smith, N. J.
Green	McCarran	Stennis
Hayden	McFarland	

NOT VOTING—34

Benton	Hennings	Murray
Brewster	Hill	O'Connor
Butler, Md.	Johnston, S. C.	Saltonstall
Cain	Kefauver	Seaton
Capehart	Kerr	Sparkman
Clements	Knowland	Taft
Duff	Langer	Thye
Ecton	Magnuson	Tobey
Ellender	Maybank	Underwood
Ferguson	McClellan	Wiley
Flanders	McMahon	
Frear	Monroney	

So the amendment offered by Mr. WELKER, for himself and other Senators, was rejected.

Mr. FERGUSON subsequently said: Mr. President, when the last vote was taken, I had been called from the Chamber; and while I was in the President's room I did not hear the bell which signalled the vote. Had I been in the Chamber, I would have voted in the affirmative. I wish to have this explanation appear in the RECORD following the vote.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. WELKER. Mr. President, I call up the amendment, which previously has been submitted, and which now lies on the table. The amendment is offered by me, on behalf of myself, the Senator from North Dakota [Mr. YOUNG], the Senator from Illinois [Mr. DIRKSEN], the Senator from Montana [Mr. ECTON], the Senator from Ohio [Mr. BRICKER], the Senator from Utah [Mr. BENNETT], the Senator from Idaho [Mr. DWORSHAK], the Senator from Nebraska [Mr. BUTLER], the Senator from Maryland [Mr. BUTLER], the Senator from Nevada [Mr. MALONE], and the Senator from Indiana [Mr. JENNER].

I wish to call the attention of the Senate to the fact that this amendment would cut by \$500,000,000 the amount now authorized by the mutual security bill; in other words, the cut made by this amendment would be half as much as that proposed in my previous amendment, which has just been rejected.

Mr. BRIDGES. Mr. President, will the Senator from Idaho yield for a question?

Mr. WELKER. I yield.

Mr. BRIDGES. The \$500,000,000 cut proposed by this amendment, when added to the cut made by the committee amendment, would constitute a cut of approximately \$200,000,000 less than the cut voted by the House of Representatives, would it not? In other words, if this amendment should be adopted, the total cut then made by the Senate in the amount of the authorization would be approximately \$200,000,000 less than the cut voted by the House of Representatives. Is that correct?

Mr. WELKER. Mr. President, as best I recall, this amendment, if adopted, would result in reducing by approximately \$225,000,000 the cut voted by the House of Representatives. As I understand, the House of Representatives has voted a cut of \$1,725,000,000, or approximately that amount. This amendment, if adopted by the Senate, would result in a total cut of \$1,000,000,000, which is the amount of the committee amendment, plus \$500,000,000. At the same time it would represent a decrease in the cut which has been voted by the House of Representatives.

Mr. MALONE. Mr. President, will the Senator from Idaho yield to me?

Mr. WELKER. I yield.

Mr. MALONE. Do I correctly understand that if the pending amendment of the Senator from Idaho is adopted, the Senate will be voting, in total, for a larger amount of authorization than the House of Representatives has voted?

Mr. WELKER. That is correct.

Mr. President, perhaps I have not made clear the effect of the amendment. By means of this amendment, if it is adopted, we shall be voting, in total amount, a larger amount of authorization—larger in the amount of approximately \$225,000,000, I believe—than the amount of authorization voted last week by the House of Representatives.

Mr. BRIDGES. Vote!

Mr. WELKER. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. WELKER] for himself and other Senators.

Mr. AIKEN. Mr. President, I ask for the yeas and nays on this question.

Mr. LEHMAN. Mr. President, I very much hope this amendment will not prevail.

Personally, I think it is a mistake—and I wish to emphasize this point as strongly as I possibly can—to cut anything from the amount recommended by the President of the United States and by the Bureau of the Budget. The authorizations provided by the bill have been passed on by two great committees of the Senate, the Foreign Relations Committee and the Committee on Armed Services. Those committees, in their wisdom, have reported—reluctantly, I believe, in the case of some of the members of the committees—a cut of \$1,000,000,000 in the amount of authorization proposed in the bill as submitted by the President. I believe that cut is far too great; indeed, in my judgment there should be no cut whatsoever, but the two great committees referred to base their judgment upon the testimony of men in whom we must place our confidence, the Joint Chiefs of Staff, the Secretary of Defense, the Secretary of State, the Secretary of Air, and General Eisenhower, all of whom have stated that it would subject this country to great risk if the budget were cut below the point which has been recommended by the two committees.

As pointed out yesterday by the distinguished senior Senator from Texas [Mr. CONNALLY], it is, of course, possible to economize. If we desired to economize, we could cut out the entire amount needed for mutual security. But that would not help our country, it would not promote the peace of the world. We cannot at this time afford to go back on the commitments we have made to our allies. In my opinion, it is important not only that we strengthen ourselves militarily to the fullest possible extent, but also that we strengthen the allies and friends we have abroad, who stand shoulder to shoulder with us in the hope of making this a world of security and of lasting peace.

I know, of course, that it would be possible to make a cut of \$1,000,000,000, \$2,000,000,000, or more, and then, as the Senator from Texas has pointed out, to go home to talk about it in our Fourth of July orations, and try to impress the people with the tremendous step in economy which had been taken. That, Mr. President, would not save our country.

Either we have an emergency situation in which the security of the free world, including ourselves, is threatened, or we have not. If such an emergency exists, we cannot afford to reduce the appropriations below the line of safety. If we did not have such a threat hanging over us—and I know it does hang over us, as I believe every other Senator in his heart knows it does—we still would not dare cut below the line of safety. I believe the amount of \$6,900,000,000

which has been recommended by the two committees, after weeks and weeks devoted to a study of the bill and to the hearing of men who are expert on this subject, men in whom we must place our confidence, is the minimum the Senate should vote.

It is proposed to make an arbitrary, proportional cut not based upon any real study. It cannot be said that money is not needed for this purpose or for that purpose; it cannot be said that money is being wasted upon this activity or that activity, and yet it is proposed to make a blanket cut across-the-board. In my opinion at least that would jeopardize the safety and security of the United States.

Mr. President and Senators, I know that you are all actuated by the same patriotic motives which I believe actuate me. I urge from the bottom of my heart, that this cut be not made, and that the amendment be rejected. To agree to this amendment would jeopardize the security of our country and the security of the entire free world. It would be a step backward in our quest for peace. After all, Mr. President, what we seek is security with peace.

Mr. President, I cannot emphasize too strongly my belief that it would be a mistake to cut a single cent from the \$7,900,000,000 which was contained in the bill when submitted to the Congress. I am aware that my views on that subject will not prevail; but, as I view it, every cent taken from that amount would weaken our defenses, would weaken our power to resist Communist aggression, and would weaken the support from our friends and allies, for which we would otherwise hope.

Mr. President, I have listened to hours and hours of oratory in the Senate regarding the menace of communism, and regarding the manner in which we should combat it. With about nine-tenths of that I agree. I think communism is a serious and dangerous threat, which, unless we are alert and are active and vigorous in opposition, may engulf the free world.

Mr. KILGORE rose.

Mr. LEHMAN. But here we are proposing to weaken our power to fight communism. We know what has happened in the world. Deep down in our hearts we know what may happen. Mr. President, and Senators, I cannot state how strongly I hope that this amendment will be defeated. I have never been more sure of anything in my life than I am that we cannot at this time afford, by curtailing the spending of money for mutual security, to jeopardize our power of defense, our power of resistance, our power to oppose aggression and, if aggression should come, our power to repel it. Do not weaken that effort. Vote down this amendment.

I now yield to the Senator from West Virginia.

Mr. KILGORE. Mr. President, is it not a fact that in building up the industrial potential of Western Europe, in addition to building up their morale, we are also building up the possibility of their manufacturing for their own

needs, for their own defense, along with helping our own defense? Is not that correct?

Mr. LEHMAN. It is absolutely correct.

Mr. KILGORE. In other words, as we help them to get their plants going we are helping them to construct things necessary in defense of democratic ideals in this country and in Western Europe, are we not?

Mr. LEHMAN. The Senator is completely correct.

Mr. KILGORE. In addition to that, we are building up the morale of the people with the full knowledge that we are supporting them. There has been a feeling abroad that we might quit, as has been done in the past, and therefore, that possibly they had better compromise. If we plant the compromise theory in their minds, we thereby weaken their will to resist.

Mr. LEHMAN. That is correct. I may say to the distinguished Senator from West Virginia that, in my opinion—and this has been testified to in hearings before the committee—every dollar we cut from the allocations to our European allies for the building up of their armed forces, for the manufacture of munitions, for the preparation of adequate defensive measures, instead of resulting in saving a dollar, will cost the United States \$3, assuming that we intend to defend our liberty, assuming we propose to protect our security, and assuming that we want to bring peace to a war-torn world.

Mr. KILGORE. Is it not a fact that in modern warfare munitions do not include simply explosives and weapons, but also clothing, food, communications, and many other things that go into the making of modern war? So when we help them to build up a plant to produce munitions, it may be a plant to produce uniforms and clothing, and when we help them to build up their agricultural production, we are helping them to produce the food they need, thus saving is a long haul across the ocean. When we build up mechanical plants, we are building up their potential to make the things they need in order to win. So, that, actually, munitions include all essentials to the life of human beings.

Mr. LEHMAN. That is correct. We also encourage the people to strain every nerve to build up their own defense. I am convinced that they want to do it. I know the people of Europe pretty well. I have lived there at times and have worked there many years. I know they want to defend their own liberties and the liberties of the freedom-loving world. But they cannot do it all by themselves. They are doing a great majority of the work. They are spending the greater portion of the money, and they are risking a large proportion of their manpower in military activities. There is a greater proportion of men under arms in France and in England today than there is in the United States. I say that in spite of what this country has been doing and is doing today.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. LEHMAN. I shall be very glad to yield to the distinguished minority leader.

Mr. BRIDGES. In that statement the Senator from New York of course is not referring to Korea. In Korea this country is furnishing 91 percent of the manpower, suffering 92 percent of the casualties, and paying 95 percent of the bill.

Mr. LEHMAN. Is the Senator asking me?

Mr. BRIDGES. Yes.

Mr. LEHMAN. Will the Senator ask me another question. If he does not ask me another one I shall explain—

Mr. BRIDGES. I shall be delighted to hear the Senator's explanation.

Mr. LEHMAN. Of course, we are carrying a great part of the load in Korea, but we went into Korea to fight against communism, to repel it, and I believe it was one of the greatest moves toward lasting peace any country has made, in spite of the tremendous sacrifices which we have been forced to undergo. But France has been spending its manhood and its fortune in fighting communism in Indochina. Her sacrifices have been no less than ours in the common fight against communism. That, I believe, is the thing about which we have to be concerned—a common fight against communism.

I may say further to the Senator, that Great Britain has been spending its manhood and its fortune in a fight against communism in Burma. I do not know whether the distinguished minority leader realizes that we are in a common fight against communism. If we weaken in that common fight against communism, I can say to the distinguished minority leader that we are lost. Our only hope is to stand shoulder to shoulder with our friends and allies of like minds, liberty-loving allies, in our fight against communism.

Mr. KILGORE. Mr. President, will the Senator from New York yield further?

Mr. LEHMAN. I yield.

Mr. KILGORE. Has the Senator ever considered what would be the effect on the United States of America and all other free nations if the Russians obtained control of the Suez Canal, where considerable fighting has been going on for some time?

Mr. LEHMAN. I know we cannot afford to weaken. I know that it is a world struggle, a struggle to defend ourselves by force of arms, a struggle to defend ourselves by gaining the thoughts and the minds and the consciences of men, gaining their confidence, their trust, and their support.

Does the Senator from New Hampshire wish to ask any more questions?

Mr. BRIDGES. No. I wanted to say something when the Senator had concluded.

Mr. GREEN. Mr. President, the chairman of the Committee on Foreign Relations, the Senator from Texas [Mr. CONNALLY], when he rose to support the pending bill for extension of the Mutual Security Act, said that three members of the committee had voted against any reduction in the President's request for

funds. While I was one of those three, I am not now rising to attempt the impracticable by seeking a restoration of the cuts made by the committee. I am limiting my demands to an earnest appeal to my colleagues to make no further reductions.

World War II cost the United States about \$7,000,000,000 each month, and that war last 45 months. The Mutual Security Program will cost less than \$7,000,000,000 for a full year, a year in which the effective North Atlantic Treaty forces will be built up to 50 divisions, plus an additional 20 divisions from Greece and Turkey; a year in which we expect to build sufficient defensive strength to prevent further Soviet threats of war. Would it not seem unreasonable, under the guise of economy, to support reductions in defense spending which would endanger the goals we seek, and might well cost us 50 times as much?

The word "economy" is a magic word in election years, but, as the chairman of the Foreign Relations Committee said on Monday, if it is economy that is desired, the thing to do is to vote against the pending bill in its entirety. The fact is, of course, that we seek security and adequate defense, and we seek these at the least possible cost. But it is also a fact that if what we have for defense is only a fraction of what we need, it is no defense at all.

Last year only five Senators voted against the mutual security bill. I presume those three voted against it because they were opposed to the program of building mutual defenses with our free partners in the world and because they also believed we could carry on alone. I presume also that those who voted in support of the mutual security bill, even though they included some who had sought long and hard to reduce the program substantially, believed that American security requires that we have strong and reliable allies. But we do not want half-strong allies or half-reliable allies. The free men of this world must stand together; we must be strong together if together we are to meet the threat we face.

Those who now advocate further cuts have not said they are against the program of mutual security. They do not wish to kill it. All they want to do is to make the program look as though we were getting security at bargain rates. Economy is a popular election slogan. But this is not a year in which one eye can be kept on the election and the other on our security. Politics and security do not mix. The times are too critical and the stakes too high for us to permit politics to influence our votes on mutual security. Remember, 1952 is not an election year in the Soviet Union.

I have been deeply disturbed at the heavy additional cuts imposed by the House of Representatives in the security measure. The House reduced the President's request by 21 percent, or about \$1,700,000,000. The senior Senator from Texas [Mr. CONNALLY] quoted the New York Times as describing this as the "meat-ax approach." We in the Senate

owe it to ourselves and our country to weigh carefully the cuts in this program. Thomas Jefferson once described the Senate as "the saucer in which the hot tea of the House is permitted to cool." We here bear a heavy responsibility to the American people, whose security is at stake. We must be guided by our heads and not by our political emotions.

The contest today with the Soviet Union involves the very survival of the freedoms that we trace back to the days of Athenian democracy. During the later centuries we have acquired and maintained our freedoms at great cost in lives and treasure. We are now called upon again to maintain them at great cost. The imminent struggle is world-wide—the greatest mankind has known. It may yet be averted, at great cost, it is true, but, if it cannot be averted, it will be waged at far greater cost in human life, in material treasure, and perhaps in civilization itself. So let us not regret the present cost. In his reply to Lais, Demosthenes wrote:

I do not purchase regret at such a price.

Unless we are willing to pay the price, and in this case it is the price of the mutual security program, we may well find that economy will purchase regret. We have been too late with too little before. Let us not have that on our conscience again.

There are difficult year ahead of us in dealing with the Soviets on the many outstanding issues. We have learned by bitter experience that the Soviet Union respects only strength. If the free world does not have strength, we shall find our policy will always have to be devised to meet the Soviet threat.

Here is a hard-headed way to build strength which the Communist world can understand. Some who have proposed cuts in the program have called the administration soft toward communism. It seems to me that one way to measure who is soft toward communism is to see whether they support concrete measures to appose communism.

Not long ago I was in Iran when the Soviet Union was pressing demands on Iran for the use of Soviet experts in the oil fields. America was resisting them. Out of its wide experience as a neighbor of the Soviet Union, Iran rejected those demands outright. Iran knows the direction in which it must look if it is to preserve its freedom.

Only last week the Soviet Union demanded that Iran cease accepting military assistance. The note stated in part that—

The Persian Army is losing the character of a national army of an independent and sovereign state. The Soviet Government finds it necessary to draw attention of the Persian Government to the fact that by agreeing to accept the so-called United States aid, and consequently taking upon itself definite obligations of a military character with regard to the United States of America, the Persian Government is in actual fact entering the path of cooperating with the United States Government in the implementation of the latter's aggressive plans against the Soviet Union.

Now if one wants to do what Stalin demands, all he need do is to vote for

additional cuts in the pending bill. He will be voting in favor of helping the Soviet Union stop cooperation between the United States and Iran. As President Truman sarcastically remarked yesterday, we are showing "real leadership," we are really "standing up to the Soviets," if we now cut military assistance to Iran which has a 2,000-mile border with the Soviet Union.

I ask unanimous consent to insert the Soviet note in full in the RECORD at this point in my remarks.

There being no objection, the note was ordered to be printed in the RECORD, as follows:

(Following is the Soviet broadcast of the text of the Russian note to Iran protesting against Iran's acceptance of United States military aid:)

It follows from the exchange of letters that an agreement has been reached between the United States and Persian (Iranian) Governments on the rendering to Persia of military and financial aid by the United States of America, and that the Persian Government, in its turn, has undertaken definite obligations of a military and political character.

From Persian press reports and also from the statements made by the representatives of the Persian and United States Governments, it is clear that the Persian Government, in connection with this agreement, has pledged itself to resume contracts with United States military advisers in Persia. This has been confirmed in official statements on April 27, 1952, by the Persian Minister of Communications, Bushehri, and on April 25 by the Deputy United States State Secretary McDermott.

It is well known that the United States military mission, which had ceased its activities in January 1952, has again resumed its work following the exchange of letters between (Premier) Mossadegh and (United States Ambassador) Henderson while at the same time the agreement between the United States of America and Persia of May 23, 1950, concerning military aid and the United States military mission in Persia has again come into force. Thus as a result of the above-mentioned exchange of letters and the return to force of the Persian-United States military agreement the Persian Government places the Persian Army under the control of the United States Government.

In this way the Persian Army is losing the character of a national army of an independent and sovereign state. The Soviet Government finds it necessary to draw attention of the Persian Government to the fact that by agreeing to accept the so-called United States aid, and consequently taking upon itself definite obligations of a military character with regard to the United States of America, the Persian Government is in actual fact entering the path of cooperating with the United States Government in the implementation of the latter's aggressive plans against the Soviet Union.

These actions of the Persian Government cannot be viewed in any other way but as actions incompatible with the rules of good neighborly relations, the maintenance and strengthening of which is the obligation of the parties signatory to the Soviet-Persian treaty of February 26, 1921.

Mr. GREEN. I might add in the same sarcastic vein that we will be putting real backbone into Western Europe if we cut our assistance program to pieces during this week when we are reading such headlines as "East Germans move to tighten border," "Soviet threatens Bonn agreement," and "Anti-Red ballots lead in Italian returns."

Now is the time for firmness and consistency.

Perhaps one reason it is easy to attack the administration's proposals, backed by the careful study of the Foreign Relations Committee, is that "criticism comes easier than craftsmanship" (Zeuxis, quoted in Pliny on Natural History). This is a time for craftsmanship. Even if we are not prepared to be craftsmen, we should not let this body act as a wrecking crew.

I want to invite the especial attention of my colleagues to that part of the pending legislation described as "defense support." This is assistance given to Western Europe to help it build up its own military production.

It must be kept in mind that dies and fixtures, aluminum, wheat, and other similar things are just as much weapons of modern war as are cruisers and bazookas. Some of the things it is proposed to furnish with defense support go directly to increase output of military hardware such as ships, guns, tanks, planes. Other things go into the manufacture of such military softgoods as uniforms and shoes. Still others, such as coal or electric cable, or locomotive parts go into the basic industries whose output must be maintained or expanded if total production and hence military effort, is to increase without producing economic and financial collapse. Such imports enable European industry to produce structural steel for naval and air-base construction; to produce more electric power for manufacturing plants that turn out textiles both for uniforms and civilian clothing, to improve rail transportation to carry heavy machinery that in turn may be used for both military and civilian production.

In the \$6,900,000,000 program proposed by the committee, \$1,500,000,000 is earmarked as defense support. More than \$1,000,000,000 of this sum will be used to finance industrial commodities—raw materials to feed European defense plants which are turning out all types of military equipment; coal and petroleum for Europe's steel, gas, electric power and transportation industries; and capital equipment needed to complete the conversion from civilian to military production. The remainder of the funds will buy essential food and agricultural commodities, provide ocean transportation and finance production-assistance work.

From the standpoint of economy, defense support is good business, because it yields two and one-half times its own costs in direct additions to NATO's defensive strength. With the necessary American commodities, the 10 European "Lisbon plan" countries—9 NATO countries and Germany—could devote \$13,900,000,000 for defense in the next fiscal year, but only if the full amount of defense support requested by our administration were available, that is, \$1,400,000,000 for this group of countries. Without defense support, these same countries would have to cut back defense spending by \$3,300,000,000, to a total of only \$10,600,000,000. Thus, \$1,400,000,000 buys \$3,300,000,000 worth of defense. This is real economy.

These money figures are cold. But they come to warm life when we realize that the loss of this amount of defense would cost us 10 European divisions, with their European-produced equipment, plus 30 squadrons of aircraft—about 750 planes—plus 40 minesweepers and 30 destroyer escorts. Our defense support helps our allies to be effective allies, what I previously called "strong and reliable allies," and gives us the assurance that our fighting men will have such allied soldiers at their side, if the ultimate test has to come.

Mr. President, in conclusion, let me reiterate once again that every man's vote on this bill must be determined by his own assessment of the action he thinks will best support the interests of the United States. I wish that we could vote for the full amount proposed for mutual security and at the same time vote for economy. But, as an old-time philosopher remarked, "to blow and swallow at the same moment is not easy"—Plautus. Defense is never cheap. But neither is war. And it is war we seek to avoid by this bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. WELKER], for himself and other Senators.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays.

Mr. CONNALLY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Alken	Hayden	McFarland
Anderson	Hendrickson	McKellar
Bennett	Hickenlooper	Millikin
Bricker	Hoey	Moody
Bridges	Holland	Morse
Butler, Nebr.	Humphrey	Mundt
Byrd	Hunt	Neely
Carlson	Ives	Nixon
Case	Jenner	O'Mahoney
Chavez	Johnson, Colo.	Pastore
Connally	Johnson, Tex.	Robertson
Cordon	Johnston, S. C.	Russell
Dirksen	Kem	Schoeppel
Douglas	Kilgore	Smathers
Dworshak	Lehman	Smith, Maine
Eastland	Lodge	Smith, N. J.
Ferguson	Long	Smith, N. C.
Frear	Malone	Stennis
Fulbright	Martin	Watkins
George	Maybank	Welker
Gillette	McCarran	Williams
Green	McCarthy	Young

The PRESIDING OFFICER (Mr. PASTORE in the chair). A quorum is present.

POLITICAL TIDINGS FROM WEST VIRGINIA

Mr. NEELY. Mr. President—

Tidings do I bring, and lucky joys,
And golden times, and happy news.

So Pistol said to Falstaff in King Henry IV, and so say I to the statement in the Senate. My tidings are political. They are from West Virginia, the State in which Yankee Doodle says good morning to Dixie and the East and the West kiss each other good night. West Virginia is the barometer which has unerringly indicated the result of every presidential election since that of 1912.

It was said by the political prophets of old time, "As Maine goes, so goes the Nation." But after the record-breaking Democratic landslide in 1936, for this pleasing Republican aphorism of antiquity was substituted the weasel words, "As Maine goes, so goes Vermont." During the present generation the Panhandle State has crowded the Pine Tree State from the alluring field of political prophecy. Now those who are well informed and speak the orthodox language of accurate prognostication say, "As West Virginia goes, so goes the Nation." "Sic transit gloria." Our sympathy to Maine; congratulations and all hail to West Virginia.

First let me deliver tidings that should be pleasing to all the conservatives on the Republican side of the aisle.

On the thirteenth day of this month, the Republicans of West Virginia elected 16 delegates to the Republican National Convention to be held in Chicago on and after the 7th day of July. Fifteen of these delegates are enthusiastically for Senator TART; one is enthusiastically for General Eisenhower. For more than 50 years 16 to 1 has been the established Democratic ratio in West Virginia. Nevertheless 15 to 1 is generally considered satisfactory. All these 16 Republican delegates from West Virginia are capable and loyal members of their party. But only one of them is a notable liberal. That one is our distinguished and esteemed former colleague, Dr. Henry D. Hatfield, of Huntington. He is undoubtedly the greatest liberal Republican Governor West Virginia ever had. Here end the pleasing Republican tidings. To my unfeigned regret, duty compels me to say to you on the other side of the aisle, "If you have tears, prepare to shed them now."

Unfortunately for self-respecting, loyal Republicans here and everywhere, their party deliberately murdered its last chance and its only hope of a 1952 victory in West Virginia 2 weeks ago today by defeating Mayor John T. Copenhaver of Charleston, an honorable, liberal, deserving, lifelong Republican, for his party's nomination for Governor and bestowing that coveted honor upon a notorious political shelled-peas pod, party deserter, and Democratic renegade who once occupied a seat in this Chamber. In 1940 he sought the Democratic nomination for United States Senator as his own successor. The Democrats decisively defeated him. In 1944 he was a candidate for the Democratic nomination for Governor of West Virginia. The Democrats again decisively defeated him. In 1948 he was a candidate for the Democratic nomination for United States Senator. The Democrats overwhelmingly defeated him.

At last it apparently dawned upon this hopelessly incurable, insufferable, and intolerable, chronic candidate for office that he could never obtain another Democratic nomination in West Virginia. Consequently, in the year 1950 he announced that he had changed his registration from Democratic to Republican. When the Democrats of the State

heard this news, they rejoiced as they had never rejoiced before.

According to legend, Pythagoras celebrated his discovery of the forty-seventh problem of Euclid by sacrificing 50 white oxen upon the altar of his gods. Many West Virginia Democrats wished they could give 50 times 50 white elephants to the Republicans for their great service in relieving Democracy of its most irritating and intolerable turncoat, deserter, and pest.

Just 2 days after this renegade announced his desertion of the Democratic Party and his registration as a Republican, he brazenly proclaimed his candidacy for the Republican nomination for Congress in the Third Congressional District of West Virginia. To the disgust and humiliation of a host of regular Republicans, he won that nomination. But a legion of the faithful, nauseated, rebellious members of the great party of Lincoln joined the liberal Democrats in defeating the deserter and electing CLEVELAND M. BAILEY, the opposing progressive, Democratic candidate, by a devastating majority.

For the benefit of the younger Members of the Senate, we now identify the political "dunderhead" who is the alleged Republican candidate for Governor of West Virginia by reading from an editorial which appeared in the widely circulated Washington Times on the 17th day of January 1938, under the heading "Ten Outstanding Senators," as follows:

If we had been asked also to award the Senate dunce cap it would have gone to Rush Dew Holt, of West Virginia, for having passed up the greatest opportunity in Congress, to become the most blithering senatorial wash-out in many a year.

Mr. President, a political renegade never has been and never will be elected governor by the sane, prudent, and praiseworthy people of West Virginia.

We now turn to tidings which should make those on the democratic side of the aisle as happy as—

"Larks at break of day arising

From sullen earth to sign hymns at heaven's gate."

The distinguished and beloved senior Senator from West Virginia [Mr. KILGORE] was a candidate for the Democratic senatorial nomination in our primary election 2 weeks ago. The Senator had two opponents for the high honor he sought. One of them was an honorable businessman by the name of Dallas Tickle, who had not been particularly active in politics.

Senator KILGORE's other opponent was the Honorable J. Hornor Davis, an eminent lawyer, who for many years has been a highly important and influential member and official of the Democratic Party. Mr. Davis, as a candidate for membership in the house of delegates, six times led his ticket in Kanawha County, which contains more than a tenth of the entire voting population of West Virginia. With distinction, he has served and is still serving as the leader of the Democratic majority in the West Virginia House of Delegates. He is president of the West Virginia State Bank

and president of another important corporation. Mr. Davis' character is spotless; his reputation is without a stain. To the best of my knowledge, the nearest approach to a critical charge ever made against Mr. Davis either in the recent primary or in any of the various other campaigns in which he has participated was to the effect that he was a conservative.

According to complete returns from 2,659 out of a total of 2,822 precincts in West Virginia, the results of our Democratic senatorial primary 2 weeks ago are as follows:

Mr. Tickle received 10,203 votes.

Mr. Davis received 55,112.

Senator KILGORE received 231,598—a clear majority of more than 3½ to 1 over his combined opposition.

The Nation's political history for the past 50 years will be sought in vain for a more impressive testimonial than this, of a constituency's satisfaction with service rendered it by any one in this, the greatest legislative body in the world.

Senators, regardless of political affiliations, rejoice with me in the undoubted fact that the distinguished liberal senior Senator from West Virginia will be re-elected next November by a vast majority.

Democracy has nominated former Attorney General William Marland, a loyal, able, and active liberal, for Governor. He was the valedictorian of the class with which he was graduated from his high school. Later he was graduated from the University of Alabama with the degree of bachelor of arts. His legal education at West Virginia University was interrupted for a period of 4 years, during which he faithfully served in the United States Navy through the Second World War. In 1947 he received his law degree. Thereafter he served as clerk to the Honorable Ben Moore, the eminent judge of the United States District Court for the Southern District of West Virginia. He was appointed assistant attorney general of West Virginia, next attorney general to complete an unexpired term, and in 1950 he was elected attorney general by a great majority. He resigned this office before entering upon his recent successful campaign for the Democratic nomination for Governor.

Please mark the prediction. General Marland will be elected the next Governor of West Virginia by more than a hundred thousand majority. Furthermore, all the other candidates on the Democratic State ticket are liberals, and they all will be elected. The six Democratic candidates for Congress from West Virginia are all liberals. They will all be elected.

A sincere desire to render our Republican friends—a majority of whom we all love—a real service and save them some real money impels us to warn them that if their high command sends national funds to West Virginia in 1952 for campaign purposes, the bearers of their money bags will find at the border line of the State ominous warning signs such as Dante saw above the entrance to the

inferno, "Abandon hope, all ye who enter here."

It is hoped that the Republicans will heed this warning; and if, as usual, they have more campaign money than they need, let them send their surplus to Texas, where it cannot possibly do any Republican good, or to Maine where, with the exception of the unsurpassable praiseworthy and charming Senator MARGARET SMITH, no conceivable amount of money could make political matters worse than they now are, from my Democratic point of view.

It is my sincere hope that the Republican delegates, to whom we have previously referred, will be divinely protected through the sanguinary battle that will be fought to a finish in the Republican convention in July. And it is my further hope that these delegates will enjoy every waking moment of their visit to Chicago and in due time return to West Virginia and there be exceedingly happy until the morning after the November election when they will, as usual, learn that a Democratic President and other Democratic officials will administer the governmental affairs of the Nation and the State for four more years, and when another defeated Republican nominee for President will, like Whit-tier, lament:

Of all sad words of tongue or pen,
The saddest are these, "It might have been!"

Senators, the tidings to which you have most patiently and graciously listened are free from the infirmity of wishful thinking or exaggerated speaking. In November, West Virginia will confirm them and proclaim them to the world, in substance, as they have been stated here today, and during the inter-lude between now and the 4th of November—

All the stars that round (West Virginia)
burn,
And all the planets in their turn,
Will confirm these tidings as they roll
And spread the truth from pole to pole.

With the transmutation of these prophetic tidings into reality, on the night of the next general election, the people of West Virginia, the Nation and the world can in hope, faith, and confidence—

Wrap the drapery of their couch
About them, and lie down to pleasant dreams.

In fond anticipation of four more years of record-breaking Democratic prosperity, comfort, happiness, and peace.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. NEELY. Mr. President, with pleasure, I yield to the Senator from Texas.

Mr. CONNALLY. The distinguished Senator mentioned a former Senator from his State, Mr. Holt, who is a candidate for governor.

Mr. NEELY. That is true.

Mr. CONNALLY. Is that the same gentleman who served in the Senate for part of a term?

Mr. NEELY. He bedeviled the Senate for 6 years, but he never, to my knowledge, rendered a single service to the

people of West Virginia or the Nation during his membership in this body.

Mr. CONNALLY. Is that the gentleman who was not 30 years of age when he was supposed to have been elected?

Mr. NEELY. He is the person to whom the Senator refers.

Mr. CONNALLY. Was he the Senator who, when he was supposed to have been elected, was not 30 years of age?

Mr. NEELY. That is correct.

Mr. CONNALLY. But the folks who were in control of matters told him he should just stay out on the grass and wait until he became 30 years of age, when he would grow into the senatorship. Later, after he had stayed out and had grown into the senatorship, having become 30 years of age, he was seated by this body. Is that the same gentleman?

Mr. NEELY. He is the person.

Mr. CONNALLY. And the Senator says that the gentleman's service here was interrupted?

Mr. NEELY. No, I said that the person mentioned never, to my knowledge, rendered any service.

Mr. CONNALLY. It was the position of those of us who voted against seating him that he was not 30 years of age at the time his term began—not when he was elected. He was elected in November, but when January came and a vacancy in the Senate occurred, in order to have been a Senator he must have been 30 years of age.

Mr. NEELY. That is correct.

Mr. CONNALLY. Which he was not. I think I was one of only six Senators who voted against seating him, because of the fact that he did not comply with the constitutional requirement that he be 30 years of age when he became a Senator. When his term begins he is then a Senator; is that correct?

Mr. NEELY. That is correct.

Mr. CONNALLY. I very much appreciate the kindness of the Senator from West Virginia.

Mr. NEELY. The Senator from Texas has rendered great service to the Senate, the Nation, and the world. But, in my opinion, his vigorous, patriotic, and prudent effort to prevent the seating of Rush Holt in this body was one of the most praiseworthy actions of the Senator's long and illustrious career.

MUTUAL SECURITY ACT OF 1952

The Senate resumed the consideration of the bill (S. 3086) to amend the Mutual Security Act of 1951, and for other purposes.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. WELKER] for himself and other Senators.

Mr. BRIDGES. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DOUGLAS. Mr. President, I rise to speak on the amendment which is now before the Senate, namely, the second proposal of the junior Senator from Idaho [Mr. WELKER] to make a further

reduction of \$500,000,000 in foreign aid, proportionately distributed over the various component items.

Like many other Members of this body, I feel torn between the conflicting claims of security on the one hand and price and financial stability upon the other; between the need to protect ourselves against the external dangers of aggressive military communism and the internal dangers of inflation.

There can be no doubt that the United States is in a considerable degree of military peril. That is the reason for our rearmament. There is no doubt in my mind that the program of foreign aid is a necessary supplement to domestic rearmament. We need to have with us adequate allies, adequately armed. I have therefore supported in every vote not merely the Marshall plan, but various appropriations which have been called for to implement the North Atlantic Treaty Organization. I believe in the fundamental purposes of that program. I agree that it is not only necessary to give military aid by sending to the NATO countries end items, but also by sending them raw materials so that European labor can work in European factories producing the goods necessary for the defense of the free world.

I believe in the system of what is now called offshore procurement—the purchase of raw materials in the free world with American dollars so that the labor of the free world can be harnessed to produce the necessary implements of war. These purposes are all worthy.

THE PROSPECTIVE DEFICIT

I think we have all been touched and impressed with the sincerity of the arguments of the proponents of the bill as it was reported by the committee. At the same time we should recognize that in the case of this bill there is also involved the problem of domestic financial and price stability, as it is involved in every appropriation bill which comes before the Senate. In January the administration sent to the Congress a budget which called for \$85,400,000,000 of appropriations as against only \$71,000,000,000 anticipated revenue, or a deficit of \$14,400,000,000 in the administrative budget. The administration seemed to take that deficit rather light-heartedly, as though it were not a matter of deep concern to the financial future of the Nation.

It is quite possible that the deficit will be less than this figure. It is possible that revenues will be higher than \$71,000,000,000, and that expenditures will be less than \$85,400,000,000. But appropriations for the Korean war and for further extensions of the atomic energy program are still to come. But whatever may happen, the deficit will be of enormous dimensions unless we reduce the appropriations contained in the bills now pending before the Congress.

It may be said that we should take the surplus of some \$4,500,000,000 in the social security and other trust funds; that is, the surplus of current contributions over current benefits, and treat, not

the deficit of the administrative budget, but the deficit in the consolidated cash budget, as the significant factor. That, I think, is a dangerous policy to pursue in ordinary times, because it means that the present contributions of those who are expecting social-security benefits in the future are used to meet the ordinary expenses of the present without creating assets from which the income will be drawn when the claims of the contributor for benefits fall due.

However, I would be willing to use the cash budget in a period of great strain and to say that we should take as the test not the deficit in the administrative budget, but rather the deficit in the consolidated cash budget. That is making quite a concession to the severity of the present military situation; but even so, and granting that expenditures might not be as high as anticipated, we would still be faced with a deficit of from \$7,000,000,000 to \$8,000,000,000 plus added expenses for the Korean war, and so forth.

I had hoped that we would be able to plug some tax loopholes and raise perhaps \$2,500,000,000 more by removing inequities in our tax system, so that any reduction in military expenditures would be less than would otherwise be the case. But at this late date it is becoming only too clear that there will be no tax legislation reported from the Finance Committee this year. The eminent Senators who are the leaders on that committee have served notice to that effect. Therefore, if the budget is to be balanced, it must be balanced by a reduction in expenditures.

The question is, Should the budget be balanced; and how serious would be the situation if it were not balanced? The budget will probably be out of balance, on the basis of the consolidated cash budget, by \$7,500,000,000 at a rock-bottom minimum.

INFLATIONARY EFFECTS OF UNBALANCED BUDGET

Suppose we say that we are not interested in balancing the budget, and that what we want to do is to adopt the military-aid program as it came from the administration, and pass the defense appropriations as they come from the administration. Let us consider the deficit of \$7,500,000,000. What would happen then? Let us follow up that subject.

The Government would be compelled, of course, to borrow money. From all present indications it would not be able to obtain a very large fraction of such money from the voluntary savings of individuals and corporations. Last year the people sold \$1,700,000,000 more bonds to the Government than they bought from the Government. There was a net loss in the sales of savings bonds. I think perhaps we might improve the situation somewhat by a change in the interest rate. But, on the whole, unless we were to have open, direct war, the people would be reluctant to purchase bonds.

In the main, therefore, the Government would have to float the bonds by asking the banks to buy them. The banks would buy the bonds by creating

checking accounts against which the Government would draw for the payment of labor and materials. After all, the banks are in a sense manufacturing concerns. They manufacture monetary purchasing power. They would set up additional checking accounts with which to pay for the bonds, and against which the Government would draw.

We now have in this country comparatively full employment. Not more than $2\frac{1}{2}$ percent of the labor force is unemployed. While there is some unemployment in the textile centers, as well as in New York and Detroit, in the main this is seasonal and transitional unemployment. In the main we have full employment. Therefore, when the Government receives more money with which to pay for labor and material, the effect is to bid up the price of labor and material. That is known as inflation.

If this august body will permit a simple illustration, if one has \$10, and one unit of goods is exchanged for that \$10, the price of the unit obviously is \$10. If the amount of money goes up from \$10 to \$15, there is a proportionate increase in the price level. Let there be no mistake about it. If we have an unbalanced budget of \$7,500,000,000, it means an increase in credit; it means inflation.

CONSEQUENCES OF INFLATION

Let us consider some of the consequences of inflation. Those who have retired on fixed incomes will find that while their monetary purchasing power is the same, their real purchasing power has diminished. Those who retired on an income of \$150 a month will find that with a rise in prices they will be able to buy much less. Milk which, to a considerable degree, the aged formerly depended upon for sustenance will be, perhaps, beyond their means. They will move into smaller quarters. They will wear shabby clothing. They will be malnourished. Their real income will be diminished. Those who receive interest payments will suffer.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. MAYBANK. I should like to ask the Senator to permit me to make a statement by unanimous consent.

Mr. DOUGLAS. Does the Senator wish to have it follow my remarks, or is the statement apropos?

Mr. MAYBANK. It is apropos.

Mr. DOUGLAS. I am glad to yield.

Mr. MAYBANK. The Senator from Illinois is speaking about persons who have retired on pensions. As will be brought out in the testimony given by Chairman Ramspeck of the Civil Service Commission in connection with the bill which will be brought out on Thursday, the deficit in the retirement fund, is \$4,900,000,000. The Committee on Appropriations will have to ask the Senate to appropriate an additional \$700,000 to pay those who live on pensions and annuities this year, as well as those who are paid to take care of those who already are on pensions and annuities. I thought I would mention that point.

That bill will be before the Senate next week.

Mr. DOUGLAS. I appreciate the comment of the distinguished Senator from South Carolina. He refers only to Government employees who receive pensions. He does not refer to persons who receive private pensions or who purchased private annuities. They will be badly pinched. There is no assurance of relief for them.

Mr. MAYBANK. Because there is no Congress to appropriate funds for the lack of money in their cases.

Mr. DOUGLAS. Yes. Similarly the same situation is true with respect to the great salaried class of the country. I refer to accountants, bookkeepers, sales people, typists, clerks, managers, engineers, and white-collar workers in general. Their salaries are rather fixed. Their salaries do not respond very readily to changes in the cost of living, and they will find their real income reduced. Consequently they will suffer very appreciably. The unskilled and unorganized workers will find that their wage rates will not keep pace with the increase in the cost of living, and they also will suffer.

While the organized workers are better protected against an increase in the cost of living than they were 20 years ago, nevertheless while their wages go up after an intervening period of rise in the cost of living, they suffer during the intervening period; and the result is a struggle, when contracts expire, as to by how much wages should be increased to keep pace with the rise in the cost of living. We may look forward to convulsive strikes such as that which threatens the steel industry, and raise grave constitutional questions.

Therefore, Mr. President, if we could provide national defense to the degree the advocates of this bill say we should, costlessly, we would be all for it.

Of course we all want national defense. But we are being asked to commit ourselves to assume for national defense what, in my opinion, involves domestic inflation. That is what gives us a hard choice. It is a very hard choice to make. Let me say, however, that the natural tendency in each case is to disregard the danger of an unbalanced budget, and not to see the ultimate consequences of an unbalanced budget, but to see, instead, the immediate problem in the particular bill which may be pending.

The mutual-security, or foreign-aid, bill is no isolated matter. It is closely bound up with the defense appropriation bill which our sister body considered some days ago, which is now before the Senate Committee on Appropriations, and upon which we shall be shortly asked to pass.

The administration asked in that bill for \$52,000,000,000. In the mutual security bill it asked for \$8,000,000,000; atomic energy nearly \$2,000,000,000 with probably more to come, and civil defense hundreds of millions of dollars. In all we have presented to us measures for defense calling for at least \$66,000,000,000. That amounts to 22 percent of the

national income. The total bill including other items, which we are being asked to meet is 28 percent of the national income. If we include State and local expenditures the aggregate represents 35 percent of the national income.

DEFENSE IS ALSO A LONG-RANGE PROPOSITION

Mr. President, I am not going to inveigh against the pending bill or against the defense appropriation bill. I simply want to say that we must consider not merely the military protection of the United States and of the free world, but the financial, economic, and price stability of the United States and of the free world.

Suppose an attack does not come this year but that Mr. Stalin keeps up this pressure year after year, year after year, as some say is his design. I do not know whether it is his design, but suppose he intends to keep the free world in a state of continued tension. Are we then to have unbalanced budgets and constant inflation year after year? If so, we will ruin America.

France has been greatly weakened by the internal inflation she has suffered.

We must not make the mistake of weakening ourselves by successive deficits, only to have the Communists pounce on us after we have sapped our strength. In short, defense is a long-range as well as a short-range proposition.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. SMITH of New Jersey. I ask the Senator from Illinois whether he does not feel that the Committee on Foreign Relations, in considering a proposal of \$7,900,000,000 and reducing it by \$1,000,000,000, which is 12½ percent, did not make a pretty good contribution to the economy, the necessity for which he is stressing, and whether, if the other departments of the Government would take the same attitude and accept corresponding reductions, we would not come close to a balanced budget, which all of us feel we should have?

Mr. DOUGLAS. The Committee on Foreign Relations showed a very good disposition toward financial and price stability of the country in voting such a reduction. There is some question in my mind, however, as to whether it is adequate. I voted against a \$2,000,000,000 cut by voting against the additional reduction of \$1,000,000,000. However, I wish to present my argument that we must cut our expenditures by \$7,500,000,000.

Mr. President, the most we can reduce nonmilitary expenditures, in my judgment, is by about a billion and a half dollars. I had hoped for a decrease of \$1,800,000,000. I think that is virtually impossible. When we take into account interest rates and veterans' benefits, some of which should and in my judgment could be reduced, but which in their aggregate cannot be materially reduced, we find that there is only about \$10,000,000,000 of free money in the civilian budget upon which we can operate.

I think we shall be doing extremely well if we obtain a reduction of 15 per-

cent in those items. I hope for a reduction of 18 percent, but I do not think we can achieve it. So, if we are to balance the budget, we must eliminate approximately \$6,000,000,000 from the authorizations and appropriations for defense and for foreign aid.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Illinois yield for another question?

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Does the Senator from Illinois yield to the Senator from New Jersey?

Mr. DOUGLAS. Certainly.

Mr. SMITH of New Jersey. About a week ago yesterday on the floor of the Senate, I analyzed the domestic defense budget; and I then suggested, as the RECORD will show, that possibly between \$7,000,000,000 and \$8,000,000,000 could—if we carefully sharpened our pencils—be taken from the domestic defense budget without requiring further encroachment upon the mutual security bill.

Mr. DOUGLAS. I thank the Senator from New Jersey; but I wish to say that although I am relatively new in this body, I always discover that the "pea" of economy is always under some shell other than the one related to the bill under discussion at any particular time. Whenever we have before us a specific bill to which an economy amendment is proposed, it is said, "Oh, no; we should not make a cut in this bill; we should make the cut somewhere else, in some other bill"; but when the "some other bill" comes before us, it is said at that time, "Oh, no; we should not make any cut in this bill. The cuts should be made in another bill."

So, Mr. President, if I were too completely trusting in this matter, I would be like a man rushing down a hotel corridor and opening one door after another, but always having each one slammed in his face. In the present case, I fear that the "pea" will always be said to be under some other shell.

So, Mr. President, I should like to have the cut made in the bill which is now before the Senate.

Mr. SMITH of New Jersey. The point I made when I addressed the Senate last week was that the military program must be considered as a whole, namely, both the defense program at home and the military program abroad. When we consider both together, a reduction of \$7,000,000,000 in the defense program on the home front and a reduction of \$1,000,000,000 in the foreign aid program would reach the \$8,000,000,000 total about which the Senator from Illinois is speaking.

Furthermore, if a similar reduction, percentage-wise, were made in other authorizations and in the various appropriations, I think we could find that we could very nearly balance the budget. But I submit that the foreign aid program should be approached in such a way as not to endanger our collective security program and our relations with our allies.

Mr. DOUGLAS. Mr. President, later in this debate I shall throw out a suggestion which will indicate that the Senator from New Jersey and the Senator

from Illinois are not so far apart in regard to the consolidated reduction program as might appear at the moment.

At this time I am saying that we must make total and combined reductions of approximately \$6,000,000,000 in the military defense bill and in the foreign aid program if we are to prevent inflation.

We know very well that the opposition will be very great to any attempt to make reductions in the defense budget. The spring offensive on Capitol Hill is in full force; the artillery barrage by the Armed Forces has been under way for some time; the shells are bursting; the pressure is being applied. We are told, "If you cut these authorizations and appropriations by a single dollar you will be weakening the defense of the United States and you will be imperiling our freedom." Such statements give all of us pause.

I wish to point out the extreme difficulty of the task confronting us, because we face a concentrated and powerful group, a patriotic group that is firmly convinced it is correct, is determined to have its way, and is backed by a powerful and sincere group of newspapers.

Furthermore, Mr. President, those who in January were in favor of economy, tend to have their courage disappear when May and June come and the appropriations bills have to be passed.

I believe it was Jimmy Walker who wrote the song, Will You Love Me in December as You Do in May? Mr. President, it is strange how the economizers of December melt away in the warm sun of May and June, and how officialdom has its way in the end. The budgets go through, the deficits increase, and the stability of the country is threatened. These men are patriotic, and I am sure they mean well; but they do not see the total picture. They see only their particular problem. They do not appreciate that the programs as a whole, when they are submitted, call for big governmental deficits, and that those big governmental deficits will cause inflation.

Mr. LONG. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. Yes, indeed.

Mr. LONG. Does not it stand to reason that those who administer a program are always the greatest enthusiasts for the program?

Mr. DOUGLAS. Certainly that is so.

Mr. LONG. So it is for someone else—usually it is the responsibility of the President and the Congress—to determine how much can be made available for all the various programs. Is not that correct?

Mr. DOUGLAS. Yes.

Mr. LONG. On the other hand, we cannot depend upon the enthusiasts for a program to arrive at a proper determination in that respect. Does not the Senator from Illinois believe that is correct?

Mr. DOUGLAS. Yes; because such persons always are interested in their own programs.

Mr. LONG. In fact, they generally are rather biased.

Mr. DOUGLAS. Yes; they are.

Mr. LEHMAN. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I yield to the Senator from New York, who I know is going to chastise me reluctantly, perhaps, but no less surely.

Mr. LEHMAN. Oh, no; the Senator from Illinois knows that I have the greatest affection and regard for him.

Mr. DOUGLAS. Let me say that is reciprocal.

Mr. LEHMAN. I wish to point out to the Senator from Illinois that I do not think I am a part of a very powerful bloc.

Mr. DOUGLAS. No.

Mr. LEHMAN. The results of recent weeks and months have shown that although I have fought very hard, I have not been very successful.

Mr. DOUGLAS. In those fights the Senator from Illinois has joined.

Mr. LEHMAN. Yes; he has.

Mr. DOUGLAS. And his head, like that of the Senator from New York, is bloody, but unbowed.

Mr. LEHMAN. That is correct.

Mr. President, I think we should have economy—

Mr. DOUGLAS. "But"—
[Laughter.]

Mr. LEHMAN. And I pay taxes as heavy as those paid by any other Member of this body—

Mr. DOUGLAS. "But"—

Mr. LEHMAN. I think it would be wonderful if we could reduce taxes; I think it would be wonderful if we could reduce the size of the national debt. But I have seen our country go through several very, very critical periods, and I have the feeling—and I wonder whether the distinguished Senator from Illinois will agree with me on this matter—that the security of our country has no price tag, any more than does the security of a human being.

I am fighting against the proposed reduction; and I am going to fight against a reduction in the military budget, too.

Mr. DOUGLAS. I anticipated that.

Mr. LEHMAN. I wish to be perfectly frank with the Senator from Illinois.

Mr. DOUGLAS. Yes.

Mr. LEHMAN. Because I believe we have our backs against the wall. When we are in that situation, when we are threatened with destruction—not only physical destruction but destruction of all the ideals for which we have lived and for which our parents have lived—I simply do not believe we can lay undue emphasis on the question of expenditures of money, when it has been testified that such expenditures are necessary. The President, the Secretary of Defense, the Secretary of State, the head of the Joint Chiefs of Staff, the Secretary of the Army, and the Secretary for Air all have testified that these expenditures are necessary. So I do not think we can compromise in regard to them. I believe we must provide the means by which our country can defend itself. That is my only thesis.

I do not believe it makes any difference whether we spend \$500,000,000 more or less, in comparison to the security we shall gain for our country.

Mr. DOUGLAS. Let me say to my good friend, the Senator from New York, that I am in favor of security, but I am in favor of total security; and total security consists not only of military security but also of financial and economic security as well. We must keep each of these in balance with the other. We cannot afford to sap our strength for the long pull.

It is my criticism of the administration, and it is also my criticism of the Defense Department, that in their emphasis upon military security, they have at the same time disregarded the need for financial and economic security.

Mr. FREAR. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I yield.

Mr. FREAR. Does not the Senator from Illinois think there is as much danger from economic collapse from within as there is danger to mutual security from without?

Mr. DOUGLAS. It is very difficult to appraise correctly the two dangers; but I think there is real danger of inflation. I believe an unbalanced budget will lead to inflation.

Mr. President, our representatives abroad are doing everything within their power to prevent the countries they are aiding from having unbalanced budgets; and those representatives of our country are trying to prevent inflation in those foreign countries. Certainly we ourselves should practice at home what we preach abroad.

Mr. FREAR. Inflation would eventually end in economic collapse, would it not?

Mr. DOUGLAS. That is correct. We might endure it for a year or two; but if the tension were to be continued over a period of time, it would mean economic collapse; it would mean the elimination of the middle class, the exaltation of the profiteers, and the division of our society into sharply conflicting groups.

Mr. President, I believe in defense just as much as I believe in collective welfare within the confines of the budget in peacetime.

Mr. LEHMAN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield for a question.

Mr. LEHMAN. No; I wish to make an observation.

Mr. DOUGLAS. Mr. President, if we get into oratorical contests, I am afraid I shall be diverted from my thesis.

Mr. LEHMAN. I merely wish to have the Senator from Illinois yield to me, so that I may make an observation in connection with what the Senator from Illinois has said.

Mr. DOUGLAS. Mr. President, I cannot deny that opportunity to my friend, the Senator from New York. Therefore, I yield.

Mr. LEHMAN. I do not know whether the distinguished Senator from Illinois was in public life in 1940.

Mr. DOUGLAS. I had a very humble office. I was an alderman in the city government of Chicago. The Senator from New York was the Governor of a great State—a noble Governor of a great State.

Mr. LEHMAN. I was in the campaign in 1940, when the United States had a debt of \$38,000,000,000.

Mr. DOUGLAS. It now has a debt of approximately \$267,000,000,000.

Mr. LEHMAN. That is true. I was going to come to that. It had a debt of \$38,000,000,000 at that time. I believe the Republican nominee in 1940 was Mr. Willkie, for whom I also had a very high regard. We had this great debt, which he said was going to lead us to ruin, destruction, and inflation, to such an extent that everyone in the country would go broke. I remember very distinctly that in the course of the campaign I stated that \$38,000,000,000 was, of course, a very large debt, even an excessive debt, but that experts had testified that we would be in no danger until the debt reached \$75,000,000,000.

We then became engaged in the war against Japan and Germany. Thank God, we did not worry about our debt, important as it was. We went ahead to equip ourselves as fully as possible, until we were able to turn back the threat of Nazi and Japanese aggression. As a result of those efforts, the debt became not \$75,000,000,000, but approximately \$260,000,000,000, I believe. We remained solvent. Had we hesitated to expend the enormous sums which were necessary for our defense in that war, I do not believe we would be here today; we would probably be the slaves of the totalitarianism of Hitler and others. But we did not hesitate. We went forward, we did what was necessary to our defense. I believe that what we are doing now, in authorizing the appropriations reported and recommended by the Foreign Relations Committee and by the Armed Services Committee is necessary to our defense. I believe that the cutting down of our defense appropriations would be calamitous and disastrous to our security.

Mr. President, I do not think that security has any price tag. I emphasize that. If an armed thug entered my house, I would not worry as to how much money I had in the bank, or as to what I wanted to keep in the bank, but I would worry about how I could overcome the thug if I could. No other question would appeal to me.

Our backs are to the wall, or else all the talk about communism and the threat of communism is false. I do not believe it to be false. I believe it to be 100 percent true. We are under a threat, and I believe that nothing but the strengthening of our forces will make us safe, even moderately safe, against that threat. Even that will not make us entirely safe, but it will at least enable us to go as far as we possibly can. Therefore, I think that a proposal to make an additional cut of \$500,000,000 simply does not make sense.

Mr. DOUGLAS. The Senator from New York, certainly a very fine, ethical gentleman, for whom we all have the deepest respect, has stressed one side of this picture, namely, the need for military security. But, on the basis of the experience of the past, he seems to think that there is no need to consider finan-

cial and economic security as well. For the protection of our own freedom, I submit that we must do so.

Mr. FULBRIGHT. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. I am glad to yield to the Senator from Arkansas.

Mr. FULBRIGHT. I have not yet heard the Senator from Illinois say he is supporting this amendment. Is he supporting it?

REDUCTION COULD BE MADE FLEXIBLE

Mr. DOUGLAS. It is my general feeling that I shall support this amendment, provided it can be so qualified as to tie it in with the general defense program.

Mr. FULBRIGHT. May I ask the character of the qualification that the Senator would suggest?

Mr. DOUGLAS. Yes. It is my belief that the defense of the country is integral, that the military assistance program is as much a part of the national defense as is the support of our own Army, Navy, and Air Force. I should like to see the two appropriations integrated, and it is my present intention to vote for the \$500,000,000 further decrease, and to try to attach a qualification to it to the effect that if, in the judgment of the President and the National Security Council, \$500,000,000 can be better spent in equipping foreign divisions than in equipping our own, they may transfer that sum from domestic defense appropriations to the Mutual Security Program. That would mean a further cut of \$500,000,000 in the domestic defense program.

Mr. FULBRIGHT. If I may say so, the general feeling of the Senator about an over-all cut is one for which I have great sympathy. But let me suggest what I think his support of this cut would mean. The Senator knows very well that foreign-aid bills do not have the local support which domestic bills receive, especially during an election year. There are not as many advocates of this bill as there are of domestic bills, because, with respect to domestic bills, many local interests are involved. In supporting such an amendment, would the Senator not run the risk of not getting a comparable cut in the domestic-defense appropriations?

The effect would be to put an undue burden upon what I happen to feel, and what I know the Committee on Foreign Relations and apparently the Committee on Armed Services feel is a very important part of the program. I would go along with the Senator's general thesis if the mutual-security appropriations and defense appropriations could be regarded as a total sum, so that if we were to cut the total to the extent of 12.6 percent, we would approach about the figure which the Senator has in mind. I do not think I would object to that. But it must be remembered that we have already cut the original request for mutual-security appropriations to the extent of 12.6 percent. I would not agree to any further cut, until I was sure that the other appropriation would be cut. How would we be able to get such assurance?

Mr. DOUGLAS. We cannot get such assurance, because the defense bill is not at present being considered on the floor of the Senate.

Mr. FULBRIGHT. But would there not be a very great risk of only cutting this, and not cutting the other? The result would be that the Senator's ultimate purpose would not be achieved, though the balance of the program would be disrupted.

Mr. DOUGLAS. We must take each bit of the program as it comes before us. If the Department of Defense will agree to a \$4,500,000,000 cut, I should be willing to forego the extra \$500,000,000 cut in the pending bill. But the Department of Defense is fighting for every dollar, and they refuse to give up a single bit of privilege.

Mr. FULBRIGHT. But the Foreign Relations Committee has already cut this bill 12.6 percent. I think the Senator ought to accept that as having been done in good faith. It is before the Senate. If the Senator insists upon going beyond that, I think the result would be to completely disrupt the balance of the program.

I, myself, knowing the characteristics of this body, felt that it would be wiser not to cut the authorization in committee, but to let it be cut on the floor of the Senate. For some unknown reason, many Senators apparently desire to cut it here on the floor. Had the committee reported the bill in the original amount, and had the Senator succeeded in obtaining his cut from that amount, the chances are that everyone would have been satisfied. But I do not think that is a proper way to approach the matter. We should give due credit to the committee for having already made a reduction of 12.6 percent.

Mr. DOUGLAS. I congratulate the committee.

Mr. FULBRIGHT. The Senator is not being helpful in insisting on a further cut.

Mr. DOUGLAS. I congratulate the committee for its initial virtue and express the hope that this tendency toward virtue will continue.

Mr. FULBRIGHT. The percentages actually approximate the over-all proposal which the Senator makes.

Mr. DOUGLAS. It is perfectly well known that there are in the budget some items which are relatively fixed and to which the 12.6 percent cut cannot be applied.

Mr. FULBRIGHT. If we take the domestic military expenditures, those for the Atomic Energy Commission, and so forth, and apply the 12.6 percent cut, we will approximate what the Senator has said would be sufficient to balance the budget.

Mr. DOUGLAS. The pay of the military cannot be reduced.

Mr. FULBRIGHT. The number of men can be reduced. The over-all expenditures for personnel can be reduced.

Mr. LONG. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. I shall be glad to yield.

Mr. LONG. I am sure the Senator realizes that this type of cut might not

necessarily be very wise. About 2 years ago a motion was made to reduce the expenditure for mutual security by \$500,000,000, and that motion failed. Nevertheless, the President impounded \$500,000,000 which Congress had appropriated for the Air Force. Today we are suffering from a lack of airplanes which we could have had, and we are facing the danger of the superiority of Russian jet fighters? We could not see that any great damage would be done to the national defense by economizing to the extent of \$500,000,000 on the original mutual-defense program for Europe. It seems to me that the question of economy will have to be met; but we must make atomic-energy appropriations and appropriations for jet aircraft, and to cut those items may not be the safest way to economize.

Mr. AIKEN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. AIKEN. Has the Senator made any study which would enable him to say what the prospects may be for a better coordination between the Technical Cooperation Administration and the Mutual Security Administration? As I understand, the Technical Cooperation Administration has about 400 employees in the city of Washington, while the Mutual Security Administration has about 1,200. I also understand that in south Asia the Technical Cooperation Administration group handles much of the mutual security work, whereas in the Near East the reverse holds true.

I am wondering if it is possible for one agency to handle work in other places as well and whether there could be progress along the line of avoiding duplication of effort and expense in other ways in the rest of the field.

Mr. DOUGLAS. I am sure some economies could be made, but I do not think they would run into the hundreds of millions of dollars which are needed. They would not be of major magnitude.

Mr. FULBRIGHT. Mr. President, will the Senator yield further?

Mr. DOUGLAS. I yield.

Mr. FULBRIGHT. The amounts involved are very small. There is no real duplication in the same country. I think what the Senator has in mind is this: It is true that the Technical Cooperation Administration is not in all countries, but in those countries where the old ECA already had a staff, it took on a very small amount of the technical assistance program, the thought being that it was more economical to permit the agency already present to proceed rather than to start afresh. It is the intention of the committee gradually to move the Mutual Security Administration out and let the ECA take over.

I should like to invite attention to the fact that in the whole Middle East there is only \$155,000,000 involved. The largest proportion is in India, which has been a special case this year. But the total is very small as compared with military aid.

Mr. AIKEN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. AIKEN. The Senator is correct when he says the total amount is small,

but it seems to me the place to set a good example is in connection with administrative costs. If we permit any waste to accumulate in the administrative end of the program, it would be reflected in the expenditure of larger amounts of money. We cannot expect the funds to be spent efficiently and economically in the field where the larger amount of expenditure occurs.

Mr. DOUGLAS. I agree with the Senator from Vermont.

I should like now to bring before the Senate a subject for consideration which at first may seem to be somewhat of a digression from the argument I have been making. I refer to the enormous amount of unexpended appropriations which are piling up for both the Defense Department and for foreign aid.

For example, if my memory is correct, at the end of this fiscal year Congress will have appropriated for the Armed Forces approximately \$55,000,000,000 which the Department of Defense will not have spent.

I introduced into the RECORD as of yesterday some figures on the unexpended appropriations for foreign aid and pointed out that as of the 31st day of January, this year, congressional appropriations for foreign aid, since the Marshall plan, had been \$14,400,000,000, and that of that amount \$10,900,000,000 had been for military assistance and approximately \$3,500,000,000 for economic assistance and technical cooperation. But as of that day not more than \$1,200,000,000 had been spent for military purposes, or approximately \$1 out of every \$9 which had been appropriated, and approximately \$1,100,000,000 had been spent for economic aid, or \$1 out of every \$3 that had been appropriated. We had total unexpended balances for foreign aid, therefore, of \$12,000,000,000.

I know the defense which the advocates of the bill will make. They will say that these funds, while not expended, have been obligated. I read the testimony of Secretary Lovett, who said that while these funds have not been expended, they have been obligated. The term "obligation," however, has a double meaning. It may mean contracts specifically let, and it may also mean telegrams and letters of intent saying that it is the intention of a given department to spend certain sums of money.

I think it will be found—I do not make a definite charge—that in February and March of this year telegrams of intent went out over the country like snowflakes in a snowstorm, declaring that the Defense Department was ready to spend certain sums of money. When they say the sums are obligated, they may be obligated not on specific contracts but in large part simply on entirely general promises to expend. It makes a better showing, when the departments come before congressional committees, to say that the sums are obligated. But do they promise delivery in the near future, or is it a faint, far-off promise of something coming in 2 or 3 or 4 years?

Mr. AIKEN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield to the Senator from Vermont.

Mr. AIKEN. I am not sure whether the Senator from Illinois is familiar with conditions that existed in various areas during World War II. At that time there were large appropriations made for the armed services. When the time for new appropriations came around, the armed services had about \$35,000,000,000 which had been appropriated, but which had not been allocated or spent. Nothing had been done with those appropriations. At that time the armed services allocated, as they could do, the \$35,000,000,000, to the lend-lease program. So when the armed services came before Congress, they did not have that money, it had all been allocated, and the \$35,000,000,000 stayed in the lend-lease kitty until the end of the war, and failure to use it resulted in a substantial reduction of the national debt, from \$270,000,000,000 to \$255,000,000,000 or \$256,000,000,000, as I recall. Does the Senator from Illinois believe something like that is going on in the programs of today?

Mr. DOUGLAS. I do not know. I merely say that Congress has been lavish and generous in its appropriations, but that only a small fraction of the amount which has been appropriated has been spent.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DOUGLAS. I wish to finish my sentence.

It is easy to transfer the blame from the departments to Congress by saying that the trouble was caused by the failure of Congress to appropriate, and then to insist that Congress appropriate additional moneys.

I now yield to the Senator from Arkansas.

Mr. FULBRIGHT. Does not the Senator think that, in order to present a little clearer picture, he should also state that for the fiscal year 1952 just about half the total amount appropriated, to which he referred, was not finally appropriated or approved until late October?

Mr. DOUGLAS. Of 1951?

Mr. FULBRIGHT. Of 1951, in late October. There are end items involved in the program, such as military aircraft, for example, with a leeway of approximately 2 years, as well as other very complicated machinery.

In fairness I think the Senator from Illinois should give the whole picture, because it is obvious that in 30, 60, or 90 days an agency cannot seek bids and let contracts for the highly complex machinery of modern war.

I agree with the Senator that I have criticized, as I still criticize, the emphasis upon the purchasing of end items in this country. I think it would be much more beneficial to our defense and to the over-all objective of the plan to permit the manufacture of more of the military machines in the industrial plants of Europe. But that is a different question from that about which we are now talking. Inasmuch, however, as Congress did not appropriate the money until nearly 4 months after the beginning of the fiscal year, I believe in fairness it must be admitted that the depart-

ments could not possibly have proceeded during that time.

Mr. DOUGLAS. But we had appropriated money in the previous year, and the departments were not utilizing that money.

Mr. FULBRIGHT. Of the \$9,000,000,000, which I think was mentioned, \$7,000,000,000 was carried forward in the last appropriations.

Mr. DOUGLAS. The total appropriations have been \$14,400,000,000.

Mr. FULBRIGHT. What was the total carried over for 1951?

Mr. DOUGLAS. I do not have it by years.

Mr. FULBRIGHT. I think it was roughly \$7,000,000,000.

Mr. DOUGLAS. What I am trying to say is that when a program is as big as this, it is the easiest thing in the world to shift the blame to Congress and say, "It is the failure of Congress to appropriate which has caused the trouble."

Yesterday on the floor of the Senate I mentioned some of the military history of the Civil War, which our southern friends call the War Between the States. The experience of Lincoln with McClellan is very much to the point. Lincoln placed McClellan in command of the Army of the Potomac in the fall of 1861. McClellan drilled an army, but he never wanted to move. He would constantly insist that Lincoln send him more men, more mules, more horses, more equipment, more guns. The Government kept feeding these supplies to him all winter. Finally Lincoln virtually had to kick McClellan forward for the spring offensive. When McClellan got down on the Peninsula, he wanted to stop again. He wanted more troops. After he withdrew from the Peninsula, went north, and fought what we call the Battle of Antietam, which our southern friends call Sharpsburg, he would not follow up his victory; he wanted more supplies.

Lincoln said McClellan had what he called the "slows." McClellan was a great believer in matériel and a great believer in deliberation. He was always transferring the blame from himself to Lincoln, insisting that his lack of success was because supplies had been denied him.

I do not want to single out the Department of Defense or the executive branch of the Government for excoriation, we all have our faults and I am at least partially conscious of my own. But certainly it is a very human tendency for them to try to blame Congress for not appropriating, and to say that this is the reason why the program has been bogging down. Certainly up to date Congress has been most lavish in its appropriations. I somewhat object to Congress being made a whipping boy, in this instance, for a failure on the part of the administrative departments vigorously to carry through a program of supply and procurement. Perhaps this makes me somewhat allergic to the demand that we appropriate every dollar that is asked for, when the departments have not spent any large fraction of the money which we have already appropriated. It makes me somewhat allergic to the cry coming from the executive de-

partments that we are betraying the Nation by not signing on the dotted line.

Mr. AIKEN and Mr. MOODY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Illinois yield; and if so, to whom?

Mr. DOUGLAS. I yield first to the Senator from Vermont; then I shall yield to the Senator from Michigan.

Mr. AIKEN. I have been interested in the Senator's remarks. Of course, he knows that most of the time, and particularly in an election year, Congress is constituted of the opposing political parties. It is unfortunate that that is so, but apparently we are faced with such a line-up.

Has the Senator from Illinois made a study of the transportation costs involved in the Mutual Security Program?

Mr. DOUGLAS. No; I have not.

Mr. AIKEN. As I understand, there is in the appropriation bill a provision that 50 percent of the goods transported must be shipped in American commercial vessels.

Mr. DOUGLAS. In justice to the administration, it must be said, I think, that this amendment came from the floor of the Senate, not from administrative officials.

Mr. AIKEN. I understand that 99 percent of the goods are carried in American bottoms. Congress will have to assume at least 50 percent of the responsibility.

Mr. DOUGLAS. I think Congress should assume 100 percent of the responsibility.

Mr. AIKEN. It is my understanding that the armament which is transported in such huge quantities to mutual security countries is not generally considered to be adapted for shipment in United States commercial bottoms.

Mr. DOUGLAS. I should be perfectly willing to have that provided for in the Mutual Security Act.

Mr. AIKEN. I further understand that probably 75 percent of all the goods appropriated for under the Mutual Security Act are transported in American commercial ships and American warships. I also understand that if we permitted countries with which we cooperate to use their own ships, they themselves would pay the costs of transportation, whereas now we pay the costs.

Mr. DOUGLAS. Is the Senator from Vermont planning to offer an amendment to that effect? I would support such an amendment.

Mr. AIKEN. I would support such an amendment.

Mr. FULBRIGHT. I, too, would support it.

Mr. AIKEN. I think we would hear wails of indignation from shipping interests, but we could save the American taxpayers a large amount of money.

Mr. DOUGLAS. I hope the Senator from Vermont will offer such an amendment. He will have one vote right off the bat.

Mr. AIKEN. Certainly such a plan would result in transporting the armament and allied material in a much more feasible manner than we are doing now, trying to move it all across the ocean in

American commercial vessels, which are not built for that purpose.

Mr. DOUGLAS. I have been more or less indicting the executive departments for their part, but I think this is our sin. In this particular case the fault is ours.

Mr. MOODY and Mr. FULBRIGHT addressed the Chair.

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Does the Senator from Illinois yield; and if so, to whom?

Mr. DOUGLAS. I promised to yield to the Senator from Michigan. My friends are laying it on me this afternoon.

Mr. MOODY. As the Senator from Illinois well knows, I have the greatest respect for his views on this subject. I think he has done the greatest job in the economy field that has been done in the Congress for many years.

Mr. DOUGLAS. I thank the Senator, but that is not true.

Mr. MOODY. I agree with the Senator that the build-up of our military forces has not been fast enough.

Mr. DOUGLAS. The build-up in manpower has been fairly adequate, within the planned program; but the equipment has lagged.

Mr. MOODY. I should like to ask whether the Senator's objective is not to provide the strength which is needed here and in Europe to deter Red Russia, and to prevent an atomic war, while at the same time reducing the cost. Is not that the Senator's objective?

Mr. DOUGLAS. Yes. I think it is possible to obtain more defense for less money.

Mr. MOODY. That is precisely my objective also.

I should like to read what General Eisenhower said on this subject, because it seems to me that what a general of the Army who has been in charge of this program, and who certainly would not be prejudiced in favor of the Democratic administration, has to say ought to be taken into consideration by the Senate. General Eisenhower said, speaking about a cut of more than \$1,000,000,000:

A specific risk is that of dragging out the program to the point of increasing greatly the total cost. A cut of such a size as to require abandonment or complete revision of basic schedules now guiding the build-up might well have far-reaching repercussions. The nations of Europe would then have to defer such activities as call-up of manpower, building of training installations and airfields, and the placing of contracts for indigenous types of production which are keyed to these basic schedules. One of our prime purposes, of course, is to encourage and permit maximum output on their part.

I thoroughly agree with the objective of the Senator from Illinois, when he says that his objective is to obtain more adequate defense and greater strength, for less money. But I am wondering, in this case, if we make the proposed cut in the name of economy, whether we shall not be getting less strength for more money.

Mr. DOUGLAS. That, of course, is the view of General Eisenhower, who is a very eminent authority and for whom I have a great deal of respect. But he

also tends to take a partial view of the situation. He views the immediate problem before him, which is to build up the defense of Western Europe. America is some distance behind him. He does not view the financial situation in which the United States is placed. We must consider that subject. Great as is my respect for General Eisenhower, we are the ones who must ultimately make the decision. We must decide, according to our best knowledge considering the total situation, what is the best course to follow. We must not merely implicitly accept what some five-star general says. We should be as critical in reviewing the advice of one five-star general as in the case of the advice of any other five-star general.

Mr. MOODY. Mr. President, will the Senator further yield?

Mr. DOUGLAS. I yield.

Mr. MOODY. I have no idea of accepting implicitly the statement of anyone. However, I believe that General Eisenhower is perhaps better informed than anyone else on this particular subject.

Mr. DOUGLAS. On the particular problem before him, but not on the financial condition of the United States.

What will it profit us if we heap up armaments and the cold war continues for years, and we have a 5-percent increase in the cost of living each year?

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. FULBRIGHT. I do not want the RECORD to convey the impression that only General Eisenhower holds that view.

Mr. MOODY. Not at all.

Mr. FULBRIGHT. Secretary Lovett holds that view; and he gave specific examples for the RECORD.

Mr. DOUGLAS. May I ask if Secretary Lovett is in favor of any reduction in defense appropriations?

Mr. FULBRIGHT. No, but—

Mr. DOUGLAS. I asked the Senator a question. Is Secretary Lovett in favor of any reduction in defense appropriations?

Mr. FULBRIGHT. I should say not.

Mr. DOUGLAS. Is it not a matter of record that he is opposed to any reduction either in defense appropriations or in foreign-aid appropriations, and that if he had his way, excellent man though he is, we would have a deficit of at least \$6,500,000,000 or \$7,000,000,000, and probably more, and inflation? He also does not see the total situation. I say that with no disparagement of him, because he is a fine and honest gentleman.

Mr. FERGUSON. Mr. President—

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DOUGLAS. I think I should allow the Senator from Arkansas an opportunity to question me.

Mr. FULBRIGHT. On the question of what we get in value for a dollar spent, which has nothing to do with the overall problem, I think it should be made clear that Secretary Lovett very definitely confirmed the view to which reference has been made. If the Sena-

tor is interested, I can cite some of the cases.

Mr. DOUGLAS. Certainly I am interested.

Mr. FULBRIGHT. I do not want to repeat what the Senator from Texas [Mr. CONNALLY] said yesterday, but on page 167 of the hearings there is a sort of summary statement. Secretary Lovett had already given examples, which I shall not take the time to repeat. In answer to my question Secretary Lovett said:

Yes, sir, because as I said this morning, and gave examples yesterday, there are certain areas of expenditures which may, through the economic machinery of another country, produce greater military strength than the equivalent we would obtain by purchases of end items in this country. It is just that simple from the military point of view.

He gave specific examples. If I may make an observation, the Senator from Illinois is making a fine speech condemning the extravagance of the military in general. My only point is this: Is it not the duty of the Congress to exercise some discretion in these large programs and try to select and support that portion of them which is the most efficient and the most appropriate, considering the immediate problem in hand? I invite the attention of the Senator to what is going on in Europe today. Yesterday the European Defense Community agreement was signed; and on Friday the German contract. That should be some reassurance that at long last our efforts are beginning to pay off in Europe.

I agree with much of the argument of the Senator with respect to the over-all military situation; but I am not willing to accept his general argument as applied to this specific bill. I would be better satisfied if the Senator could convert me to the belief that this particular bill is a wasteful bill, an ill-advised, or an unworthy bill. He is using an argument applicable primarily, I think, to an entirely different bill, to discredit the pending bill. I do not follow his argument, as between the two. Much of what the Senator is saying about the military situation in general has no application to this particular bill.

Mr. DOUGLAS. All I am saying is that if the defense of the United States is integral, as I believe it to be, the two bills should be considered as a whole. They involve expenditures of about \$63,000,000,000. If we are to balance the budget we must make, as between those two bills, savings of \$5,500,000,000 or \$6,000,000,000. This is the only bill at present before us.

I would be willing to provide that \$500,000,000 of any cut should be made good by a transfer from domestic defense to foreign aid if in the judgment of the President and the National Security Council that money could be better spent abroad in equipping foreign divisions than if it were spent at home to equip American divisions. But I do not like to be placed in the position in which I am constantly placed in the Senate when a particular bill is before the Senate for consideration. I am constantly told, "This is not the place or the time to

effectuate economies. It is some other place, at some other time, in some other bill." That never comes.

Mr. FULBRIGHT. Mr. President, if the Senator will further yield, that is not our position. The committee has already made an economy based upon a percentage of the end result. If the Senator were handling the bill *de novo*, his argument might well be sound. But since the bills are not here together, and since the Senator is not able to attach the qualification to which he has referred, will he vote against the pending amendment?

Mr. DOUGLAS. It will subject the Senator from Illinois to a great deal of internal tension and torment.

Mr. FULBRIGHT. Is the Senator offering an amendment to the pending amendment?

Mr. DOUGLAS. I hope the Senator from Arkansas, as a good friend, will not prematurely subject me to such tension and torment. That is a matter over which I shall have to pray during the night.

Mr. FULBRIGHT. Is the Senator offering such a qualification to the pending amendment?

Mr. DOUGLAS. I should like to offer it. We have been working all afternoon on the particular parliamentary difficulty of attaching an amendment to the pending Welker amendment. It is not easy, because the Welker amendment is 6 or 7 amendments in one. I hope to attach it to the Welker amendment.

Mr. FULBRIGHT. If the Senator does not offer the amendment, it cannot be attached.

Mr. DOUGLAS. There has to be a gleam in the eye of the parent before the child is born.

Mr. FULBRIGHT. That sometimes does happen.

Mr. DOUGLAS. I am throwing out some tentative suggestions which I hope may mature.

Mr. FERGUSON. Will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. FERGUSON. I am glad the Senator from Illinois feels that the pending bill together with the military bill should be considered as one.

Mr. DOUGLAS. That is correct.

Mr. FERGUSON. Because if we do not do so we must decide here and now what the limit shall be.

Mr. DOUGLAS. That is correct.

Mr. FERGUSON. And some months later, or a month later, we will have to decide that question again.

Mr. DOUGLAS. That is correct.

Mr. FERGUSON. The Senator from Illinois asked whether Secretary of Defense Lovett agreed or in any way indicated that it is possible to take away \$1 from this bill or from the defense bill. I should like to say that I not only feel that Mr. Lovett has not done so, but I know of no one connected with the Department of Defense or the State Department who has agreed or said that we could take \$1 from this bill or the defense bill.

Mr. DOUGLAS. That is my understanding. I am very glad to have the eminent Senator from Michigan, who is

a member of the Committee on Appropriations, confirm my understanding.

Mr. FERGUSON. I find that not only do they want the amount which the President recommended, but they tell us now that there ought to be about \$2,400,000,000 added to the figure because of the needs of the Air Force.

Mr. DOUGLAS. Yes.

Mr. FERGUSON. So that only can we not take anything off, but apparently we must add something on.

Finally, there will be supplemental bills submitted which will increase the figure. Furthermore, we do not have at the present time in the defense bill appropriations to pay the cost of the Korean war for the next year.

Mr. DOUGLAS. That is not included in the \$85,000,000,000?

Mr. FERGUSON. That is not included in the figure.

Mr. DOUGLAS. That would be at least \$2,000,000,000 more, probably.

Mr. FERGUSON. I shall try to get the figure. I think it is approximately \$5,000,000,000.

Mr. DOUGLAS. That means that the situation is still worse. It means that the danger of inflation is still greater than I specifically included in my figure.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield with some timidity to the Senator from Texas.

Mr. CONNALLY. Never mind.

Mr. DOUGLAS. I yield, but I yield with timidity. The timidity expresses my internal feeling, because I have a faint premonition of what is to come.

Mr. CONNALLY. I do not propose to ask the Senator from Illinois to yield under those circumstances. If he cannot yield cordially and freely and courteously, I do not want him to yield at all.

Mr. DOUGLAS. I yield with perfect cordiality for a question, provided that I do not lose my right to the floor.

Mr. CONNALLY. I do not care to interrupt the Senator.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. FULBRIGHT. I know the Senator does not want in any way to be misunderstood. I wish to call his attention to page 419 of the House hearings on the point with respect to obligations. It is very specific.

Mr. DOUGLAS. The House hearing?

Mr. FULBRIGHT. Yes. I refer to the House hearings on this bill. I refer to testimony given by the Assistant Secretary of Defense, Mr. McNeil. I should like to read it, because the witness made quite a point of the question of obligations. It is only a short quotation. I read from page 419 of the House hearings:

Mr. McNEIL. May I pick up two of three points there? I may have given you reason for a false impression. First, we do not record anything as obligated unless a firm deal is made with a contractor. In other words, any discussions or any requests for the submission of a bid are not classified as an obligation.

So, if anybody gives you obligation figures here, it does not include any of those instances where we have asked people to make a proposal. It only becomes an obligation

when the two parties have actually signed a definite and specific agreement.

He reiterates it further down on the same page:

Mr. McNEIL. The point I want to make is that we do not record anything as an obligation until it is a firm deal. Any preliminary discussions, any requests for submission of proposals, are not recorded as obligations.

Mr. DOUGLAS. That is a very good statement on the part of Mr. McNeil. Did Secretary of Defense Lovett use the term "obligation" in the same sense?

Mr. FULBRIGHT. I would certainly think so. This is the Assistant Secretary of Defense. Did the Senator from Illinois find anything in Secretary Lovett's testimony which was contrary?

Mr. DOUGLAS. No; but there is an ambiguity here. He does not define the term "obligation."

Mr. FULBRIGHT. I do not know how anyone could be more definite.

Mr. DOUGLAS. That is a very definite statement, but—

Mr. FULBRIGHT. It could not be more definite, it seems to me.

Mr. DOUGLAS. However, I should like to have the question probed a little more fully, not merely with the Assistant Secretary of Defense, but with the Secretary of Defense, Mr. Lovett.

Mr. FULBRIGHT. As so often happens, assistants know a great deal more about details than does the head of a department. That is likewise true in the case of the Senator from Illinois, I am sure, because his assistants probably know a great deal more about details than does the Senator from Illinois. I mean that is true in my office, not in the Senator's office.

Mr. DOUGLAS. It is true in my office.

Mr. GEORGE. Mr. President, will the Senator yield to me for a moment?

Mr. DOUGLAS. Certainly, and with cordiality.

Mr. GEORGE. I think if we pursue the question far enough we will find that there is a difference between unexpended balances, obligated balances, allocated balances, and unallocated balances. They have all sort of terms.

I am in thorough accord with what the Senator is saying about the enormous unexpended balances of the appropriations we have made for the military and for mutual security. I think that the chief vice of it is that it indicates a very lax fiscal policy, which is very bad for any country in the long run.

I am in thorough accord with the Senator about that. I think, however, that the Senator ought to take into consideration that this particular bill in the Committee on Foreign Relations was cut a billion dollars. I think I made the motion. That is, roughly, a cut of 12.6 percent in the total amount.

We followed that up by making the bill flexible, giving to the President and to the Administrator the power to make funds transferable as between items.

Mr. DOUGLAS. That is within the Mutual Security Administration.

Mr. GEORGE. Yes; within the Mutual Security Administration. We did

that on purpose. For instance, if we had to consider the bill item by item, I believe there would have been very few members of the committee who would have desired to cut very much, if anything, from the amounts as broken down in their presentation to us for, let us say, for example, Turkey. The amount itself was not very large, but we would not have wished to cut it even by 12½ percent. However, when there is flexibility, and 10 percent can be taken from one item and applied to another item in the same bill, within the same title, or even in another title, I think the objection to an over-all cut is overcome to some extent.

I am in thorough accord with all that the Senator says about the great danger of inflation—and the danger is very great and it has not passed—and I am in thorough accord with what the Senator is saying about cutting all appropriations. I have voted most of the time for reductions.

In this instance, I feel that a cut of 12½ percent, or \$1,000,000,000, in a \$7,900,000,000 bill, was not a bad accomplishment.

Mr. DOUGLAS. Oh, no. It was not bad at all.

Mr. GEORGE. I also feel, and I ask the Senator from Illinois whether he does not entertain a similar view, that we might make a relatively sharp cut in the defense appropriations when that bill comes before the Senate? I entertain that opinion particularly I may say to the Senator, for the reason that if we should overcut the national defense appropriations, Congress, which will be in session all next year—and, as it now looks, for the greater part of this year—will certainly have an opportunity to supplement the appropriations. But, if we should make a mistake and overcut the mutual security appropriations we would very greatly discourage the people in Europe whom we hope to encourage at the time of their greatest possible need.

I should like to ask a question of the Senator. Does he not agree with me that the Government of Russia has never accepted the western Atlantic group of nations as a defensive alliance, but has always insisted that it is aggressive?

Mr. DOUGLAS. Yes; of course. Although the charge is not true.

Mr. GEORGE. No; it is not true. I am coming to that point now. At this very moment, following yesterday at Bonn, and following today in Paris, they have a splendid propaganda opportunity at least to convince the Western European nations, particularly their own people, that the NATO is an aggressive organization. Therefore, it seems to me we ought not cut this authorization deeper than the committee itself has cut it. I submit that as one who is in thorough sympathy with all the reasons the distinguished Senator from Illinois gives for cutting this authorization, and as one who has in mind all the dangers the Senator from Illinois has pointed out.

Yet the situation is such that if we overcut this authorization, there will result a psychological effect upon the Euro-

pean countries in the NATO, and it will give to the Russians an opportunity to say, "We told you so; these Americans have with you nothing but an aggressive alliance, and now they are bringing Western Germany into the picture, and there will be another world war."

Of course the things done at Bonn and the things that may have been done today at Paris—I have not seen the ticker—have not yet been finally ratified. Undoubtedly the Russians will make a desperate effort to prevent ratification of the Bonn contractual arrangement and ratification of the community security agreement which was signed today at Paris.

That being true, if we are going to continue this program at all, if it is justified at all, is it not wise not to cut this authorization more than \$1,000,000,000 this year? Furthermore, is it not far wiser to make similar cuts in the domestic defense items of approximately \$52,000,000,000 which soon will be before the Senate? If we make a cut of 12½ percent in the 1952 defense budget and if we make a cut of 12½ percent in the pending authorization bill, we shall have gone a long way toward balancing the budget.

I submit this to the Senator from Illinois because of my great respect for his power to evaluate properly the situation now existing in the world. Although I am strongly disposed to agree on all the points the Senator from Illinois has discussed, I cannot escape the conclusion that if we are to continue the mutual security program, now is not the time to cut it deeper than the committee already has cut it.

Let me also say to the Senator from Illinois that the House of Representatives, first through the House committee, and subsequently through action taken on the floor of the House itself—as the Senator from Illinois well knows—reduced the amount of the authorization to approximately \$6,200,000,000, in round figures.

So, Mr. President, if we go through with this program as it now stands, at best the difference to be settled in the conference will be between the \$6,900,000,000 figure and the \$6,200,000,000 figure. Of course, in our conferences with the House of Representatives, generally we have to give and take somewhat.

Mr. DOUGLAS. Mr. President, let me thank the distinguished Senator from Georgia for his very complimentary and very statesmanlike remarks.

I should like to deal very briefly with two points he has raised.

The first is that I do not quite see how we would play into the hands of the Russians by decreasing by \$500,000,000 more the amount of the authorization. The attack the Russians are making against this program is based on their claim that we are appropriating too much money. The Russians could hardly reverse themselves in the middle of the stream—although apparently nothing related to propaganda is too difficult for them to do. In any event, the Russians could scarcely say that we are breaking faith with Europe if we reduce the au-

thorization by \$500,000,000, inasmuch as Russia's complaint has been that we already are appropriating too much.

In the second place, what I have been trying to feel my way toward is the obtaining of some degree of flexibility between the defense authorizations themselves and the authorizations for foreign aid contained within the mutual security bill itself.

I believe that the provision added by the committee to the bill, namely, that the administration would have the power to transfer a given portion of the funds from one purpose to another—is distinctly a good one.

I have been advancing a proposal that, similarly, we should provide for flexibility as between defense authorizations and authorizations for foreign aid. I do not wish to give up the reality of a present economy for the prospect of a future economy which may be illusory, because we know quite well that when the defense bill comes before us, all the power of the executive departments will be turned loose in an effort to see that not 1 cent is taken from that bill as it was sent to us by the administration; and it will be very difficult for us to make any cuts in that bill.

So I do not wish to sacrifice the realities of the present for something which may never materialize. But I would be willing to provide for flexibility as between the two.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. FERGUSON. I wish to convey to the Senator from Illinois the information I have in regard to Korea, namely, that it is assumed that the operations in Korea will continue during the entire fiscal year 1952, and will terminate with a full combat pipeline, without any significant changes in the number of military personnel. The Department of Defense estimates that the additional cost involved in the support of the Korean operations will be \$5,056,697,000.

Mr. DOUGLAS. That would mean that the administration's budget estimate would be \$90,000,000,000 instead of \$85,000,000,000?

Mr. FERGUSON. Yes.

Mr. DOUGLAS. And then the deficit resulting from the administrative budget, instead of being \$14,000,000,000, would be \$19,000,000,000; in other words, the deficit in the cash budget would be increased to the extent of \$5,000,000,000.

Therefore, Mr. President, the need for economy is intensified.

Let me ask whether the military construction item is included in the \$52,000,000,000?

Mr. FERGUSON. No; I think not.

Mr. DOUGLAS. If it is not, there is a further item of \$3,500,000,000.

Mr. FERGUSON. That is extra, but it may be in the budget finally. I will check on it, and will obtain that figure for the Senator from Illinois.

Furthermore, the Atomic Energy Commission's budget of approximately \$4,000,000,000 is not included. In addition, the bill which calls for \$2,200,000,000 for airports is not included. Aside from those items, I am not so sure that the

others are not included in the budget.

Mr. DOUGLAS. Mr. President, in this case we are dealing with a most difficult problem. I have great respect for the Senator from New Jersey, the Senator from Arkansas, the Senator from Georgia, and the Senator from Texas in regard to the position they have taken. However, it is so easy to postpone economy; it is so easy to say, "We shall economize at some other time."

That was the difficulty which Rip Van Winkle found himself constantly getting into. He was always "swearing off"; but whenever another drink was placed before him, he would always take it.

The verbal advocates of economy have often seemed to me like those who shout for temperance in the intervals between cocktails. [Laughter.] Certainly that is a relatively ineffective form of temperance. If temperance is to be effective, it must be applied in concrete situations.

Mr. FULBRIGHT. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I yield.

Mr. FULBRIGHT. I agree with the Senator's last point, namely, that economy must be applied in concrete situations—although with some sense of discrimination, for not all the items in these programs have the same value. But, that is not the point about which I rose to inquire.

I think the Senator from Illinois dismissed with too little consideration the point first made by the Senator from Georgia. The Senator from Georgia said that in this case the European countries are seeking our aid in their effort, for the first time, to work for a federation of Europe. In considerable part they are making that effort at our urging, after having entered into tentative agreements at Lisbon. All the nations involved have important contributions to make in that regard.

My point is that as they take that definite step, they must be prepared to accept the consequences. In other words, Russia may well interpret that action as being the last straw, and Russia may decide, now that the agreement has been signed, that she must take more strenuous means to prevent the successful consummation of that effort.

Now, at that very time, the Senator from Illinois comes along and kicks over the traces; he reneges on what was at least a tentative agreement made at Lisbon; and proposes to cut our part in this effort far beyond anything that had been anticipated.

I think that point is a very serious one. I did not feel that the Senator from Illinois quite grasped the full significance of it. It is very significant when looked at from the point of view of the number of participants in the effort to create a unified defense and to provide sufficient strength to resist the Russians. Looking at it from the point of view of the other participants, I think one must admit that it is very significant. It seems to me they could well feel that, after taking the most drastic step of all, in agreeing to create a single army in Europe, the Americans have turned their

backs on them; that they cannot rely on us; that we never do follow through; that we are too effervescent; that we give them too much one day and not enough the next day.

Mr. DOUGLAS. As one who lamented the failure of the United States to go into the League of Nations following World War I, and as one who has in general opposed the so-called isolationist point of view, I have a good deal of sympathy with the general position which the Senator from Arkansas is taking. But I should like to point out that, as of January 31, foreign aid had \$12,000,000,000 of unexpended funds; that the proposal to add \$6,900,000,000 would make available \$18,900,000,000. All that is proposed is to reduce this amount by \$500,000,000; and possibly not even that, which would still leave \$18,400,000,000, so that at the worst all that is involved is a reduction of 3 percent in the funds available during the next 2 years.

I cannot believe that 3 percent is of such earth-shaking importance as to break up or seriously impair the European alliance.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOUGLAS. In a moment. I would be perfectly willing to have a further amendment which would make it possible for the National Security Council to transfer \$500,000,000 from the domestic defense appropriations to the mutual security appropriations for Europe; because I regard the two as integral.

I now yield to the Senator from Louisiana.

Mr. LONG. The Senator from Illinois knows that both the Senate and House committees proposed a cut of \$1,000,000,000 in the amount originally requested, and he also knows that on the floor of the House an additional cut was made—

Mr. DOUGLAS. Totaling about \$1,700,000,000.

Mr. LONG. On the floor of the House a cut has been made in an amount greater than it is here proposed to reduce this authorization.

Has the Senator heard of any world-wide repercussion which would follow if the Senate were to do the same thing the House did?

Mr. DOUGLAS. No; I have not heard of any world-wide repercussion, although I have heard of the warnings which have been issued by the Department of Defense, which we have all heard.

Mr. LONG. As the Senator knows, more than \$400,000,000 is what is unexpended now.

Mr. DOUGLAS. As of the 1st of February, there was \$12,000,000,000 unexpended.

Mr. LONG. Of course, there is some argument about what the figure is, but, nevertheless, we know that there are many billions of dollars of American money still on the way to Europe.

Mr. DOUGLAS. Yes.

Mr. LONG. This bill would add at least \$6,000,000,000 to the flow going to the European nations.

Mr. DOUGLAS. It would add at least \$6,400,000,000.

Mr. LONG. This country has already appropriated and spent more than \$30,-000,000,000 in aiding Western Europe to rebuild and to encourage their resistance to communism. Somewhere the point should be reached where we could expect those who want our assistance to be willing to contribute to their own defense. It is completely unprecedented that one nation should do as much as we have done to help other nations to help themselves. Even then, this Nation proposes to maintain the strongest Air Force in the world, the greatest superiority in atomic weapons, and the strongest Navy in the world, in order to assist, and, if necessary, to go to war for the purpose of aiding the nations of Western Europe in the event they should be invaded. It seems to me the undertaking is so entirely lopsided, that anyone who would complain of a small reduction in the appropriations for the European countries would be completely unreasonable.

Mr. CASE. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield.

Mr. CASE. How does the Senator propose to accomplish any effective limitation on expenditures? It seems to me that if we are to do that, it will be necessary to place a ceiling upon the expenditures.

Mr. DOUGLAS. That is the same problem as the one with which Members of the House of Representatives wrestled. They finally wound up with not merely a reduction of the appropriation but a limit on the expenditures so far as the defense bill was concerned. I should prefer not to monkey with that buzz saw in connection with this particular bill.

Mr. CASE. Mr. President, will the Senator yield further?

Mr. DOUGLAS. I yield.

Mr. CASE. The estimated unexpended balance and the estimated unobligated balance being as high as they are, it would seem to me that all the Senator's argument about inflation would avail nothing, unless a ceiling were placed upon expenditures in the coming fiscal year. How would the able Senator from Illinois explain that?

Mr. DOUGLAS. I may say that the dilatory tactics of the Department of Defense are forcing many people to the very conclusion which the Senator from South Dakota draws. That is the inevitable consequence, when huge unexpended balances are piling up. The economic decisions of the country, as to how much inflation we are going to have, are being surrendered to the military.

Mr. CASE. I may suggest that that also applies to the anticipated expenditure in 1953, of \$10,345,000,000 by the Mutual Security Administration if the full request of the President should be granted. How would it be possible to permit an expenditure of \$10,345,000,000 without incurring the inflation which the Senator fears? Even if we were to cut the authorization and provide the amount recommended by the committee, or even if we should cut it another

\$1,000,000,000, there would be no limitation upon the expenditures; the administration could still spend the \$10,-345,000,000 next year because of the unexpended balance.

Mr. DOUGLAS. There is a great deal of merit in what the Senator from South Dakota suggests.

Mr. CASE. I may say to the Senator that, as a result of listening to the argument this afternoon, it has occurred to me to suggest an amendment, to read as follows:

Funds authorized for appropriation by this act and unexpended balances made available to the Mutual Security Administration by prior acts shall not be available for obligation in excess of \$6,300,000,000 nor for expenditure in excess of \$8,300,000,000 in the fiscal year ending June 30, 1953.

Mr. DOUGLAS. I am not certain that it should be considered, since this is an authorization bill, not an appropriation bill. It would seem to me that any limitation upon expenditure would more appropriately be directed to the appropriation bill, not to the authorization bill. I suggest that this issue can properly come up when we actually make the appropriations. But what we are doing at this time is simply to clear the sums for appropriation. We need not cross that troublesome river immediately.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to the Senator from Michigan.

Mr. FERGUSON. I should like to call the attention of the Senator from Illinois to certain facts. We were debating the question whether any amount should be cut from this authorization, and whether the proposed appropriations are entirely and actually for military preparations in connection with the common defense.

I have before me a bulletin from the Mutual Security Agency, dated April 29, 1952. It is MSA Bulletin No. 84. I call attention to the fact that allotments are made for Germany; that is, for the Federal Republic, of flue-cured tobacco, 4,200 metric tons, for the contract period, April 30, 1952, to July 31, 1952, the source being the U. S. A. and possessions. The terminal delivery date is September 30, 1952. It will run over into the 1953 appropriation. The amount is \$5,232,000.

With reference to burley tobacco, 1,100 metric tons, July 31, 1952, which is the contract period, with a terminal delivery date of September 30, 1952, \$1,308,000.

Cigar-leaf tobacco, 430 metric tons; contract period July 31, 1952; terminal delivery date, October 31, 1952; amount, \$1,300,000.

Fire-cured tobacco, 135 metric tons; contract period July 31, 1952; terminal delivery date October 31, 1952; amount, \$160,000.

The grand total is \$8,000,000.

Does not the Senator feel that with such items as that in the mutual security-aid program we could make some cuts?

Mr. DOUGLAS. I think we could make cuts, although it must be realized that we all have desires for luxuries which we insist upon in preference to

necessities. It is probably true that if we shut off tobacco from Europe there would be a great deal of discontent there.

Mr. FERGUSON. But does the Senator feel that such things are a part of the military equipment which people believe they are buying for the mutual-aid program?

Mr. DOUGLAS. No. But it is a fact that the tobacco-producing sections of the United States like to have those items included; if they were not the Mutual Security Administration would have the tobacco bloc on its neck. We may as well be frank about it.

Mr. CASE. Mr. President, will the Senator from Illinois yield further?

Mr. DOUGLAS. I yield.

Mr. CASE. A few moments ago the Senator said we would have to cross the bridge when we came to the appropriation bill; but what are we to do about the fact that as of June 30 it is estimated that there will be left an unexpended balance of \$8,900,000,000, which assumes expenditures in April, May, and June, of \$800,000,000? If we do not spend that much, there will be even a greater amount—

Mr. DOUGLAS. The Senator makes a very cogent argument, but I suggest that the time to take this matter up will be when we come to the appropriation bill. All we are now being asked to do is to authorize an appropriation. Then the Appropriations Committee can decide how much it wishes to appropriate and what strings on expenditures it desires to attach. I hope we shall not make it more complicated by trying to make every possible cut in this bill.

Mr. CASE. We should lock the barn door before the horse gets out.

Mr. DOUGLAS. We are creating financial problems because we give to the military the power to spend a great deal of money. So I have a good deal of sympathy with what the Senator from South Dakota has said.

Mr. President, I think I have completed my formal argument.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. SMITH of New Jersey. It seems to me that if the Senator's program were carried out—

Mr. DOUGLAS. I suppose the Senator has in mind the provision as to transfers?

Mr. SMITH of New Jersey. There would tend to be a transfer of funds to the military programs, because of commitments of most of the funds available, which would correspondingly reduce the so-called technical aid and the nonmilitary programs. That must be carefully considered.

Mr. DOUGLAS. My proposal is not a transfer from the economic section of the present bill to the military section, but from domestic defense to foreign defense, namely, from one bill to another.

Mr. SMITH of New Jersey. The Senator means from this side to the other side?

Mr. DOUGLAS. Yes.

Mr. SMITH of New Jersey. There is to be a flexibility of 10 percent, in order

that there may be transfers from title to title and from the economic and technical aid to the military. I think that would inevitably move funds from the nonmilitary to the military side, and the nonmilitary program would be entirely thrown out.

Mr. DOUGLAS. I quite agree. What I am proposing is flexibility between home defense and foreign aid, just as we have already provided flexibility in foreign aid itself. But I want some economies now. I want a saving of \$500,000,000 now, and I hope for an additional economy of \$4,500,000,000 when we take up the defense bill. I do not want always to be told, "Mañana, mañana, mañana—tomorrow, tomorrow, tomorrow, some other day."

Mr. SMITH of New Jersey. Does the Senator realize that if the program many of us have been advocating were presented in one over-all budget, we would have the very thing for which he is arguing?

Mr. DOUGLAS. I believe in the consolidated appropriations bill. I am sure I voted against its discontinuance, and I would be in favor of its reinstallation. I believe in the further staffing of our Appropriations Committee, but we have to deal with what we now have.

Mr. SMITH of New Jersey. We are authorizing now, and the Appropriations Committee will have to attend to the over-all picture. When it comes time for the Appropriations Committee to act, we will have to deal with these things. The problem which the Senator is considering should be taken care of, but we should not reduce it to too great an extent. The maintenance of an American infantry division costs more than \$160,000,000 a year, whereas the cost of an allied division abroad is approximately \$50,000,000 a year. It seems to me the Senator is arguing for one of the most extravagant things we could have.

Mr. DOUGLAS. I think my record demonstrates that I am in favor of foreign aid. I campaigned for the Senate on the principle of foreign aid. I have supported foreign aid on this floor, but I also have to consider the financial and economic stability of the United States at the same time.

Mr. SMITH of New Jersey. I feel the same way, and the committee did, also, when it made an over-all cut of 12.6 percent in the military aid bill.

Mr. FERGUSON. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. FERGUSON. The appropriation dollars do not become inflationary until they are actually expended, when they become part of the public debt.

Mr. DOUGLAS. That is correct. That is an argument in favor of the proposal of the Senator from South Dakota.

Mr. FERGUSON. But we have to keep that point in mind when we are appropriating, because all the money appropriated can be used.

Mr. DOUGLAS. Mr. President, I have no purpose in trying to hold the floor at great length. I was ready to take my seat a few moments ago. I am simply answering questions.

Mr. HICKENLOOPER. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. HICKENLOOPER. I have listened with great interest to almost all of the Senator's discussions this afternoon. I had to be off the floor for a few minutes, but I have heard a great deal of his argument, and I am generally in accord with the principles he has announced. I shall vote for the proposed cut of \$500,000,000 in the authorization.

Perhaps the Senator may have discussed this point while I was off the floor, but is he aware that there are outside the United States more than 175,000 civilian employees of the Federal Government?

Mr. DOUGLAS. I did not know the precise number.

Mr. HICKENLOOPER. There are more than 175,000 as of 2 or 3 months ago, and I imagine the number has not decreased since that time. To me, that is a fantastic number, which indicates that each civilian employee overseas, with certain exceptions, such as the consular service or certain diplomatic employees, are over there looking for ways and means to dispose of American dollars.

I have supported a great deal of this activity, so when I say that, I am not castigating everyone who is attempting to do a service overseas. But I suggest to the Senator from Illinois that there is a vast area where a determined administrative operation could bring about tremendous savings and greater efficiency.

A moment ago the Senator from Illinois said that he was becoming a little tired, perhaps, of hearing the cry of *mañana, mañana, mañana*. I should like to call his attention to the fact that when the foreign-aid program, and even the Mutual Security Program, were first put into effect, we had most positive assurances that the military strength of Western Europe would be on the high road to completion long before this time. But we have been going on, year by year, and seemingly getting no closer to the actual creation of forces in being designed to deter aggression than we were a couple of years ago. That is one of the things that discourages me about the situation.

Mr. DOUGLAS. I wish to take partial issue with the Senator. So far as I can tell, the military forces in being have increased very materially. I do not know what the statistics of the forces in being were a year ago, but I doubt that they exceeded 12 to 15 divisions. There are certainly probably twice that number or more than twice that number now. Our appropriations now may not affect the program for the remainder of the year, but under the program I think there will be close to 50 divisions. I believe appreciable progress has been made in the military defense of Western Europe. I do not think we should lose sight of that in considering the particular issue now before us. The greatest danger is that we may exaggerate on one

side or the other and hence lose the calm sense of balance which is needed.

Mr. HICKENLOOPER. At that point I respectfully disagree with the distinguished Senator from Illinois, because, in my opinion, based upon whatever I can find, the effective troops in being in Europe today are very little, if any, greater in number or in effective operational strength than they were a couple of years ago.

True, certain papers have been signed, but the minute a document is signed as to what, for instance, France will do, and the Premier goes home to present it before the cabinet, he gets thrown out of office, and another agreement is signed. So the situation stays largely in status quo.

My concern is that there is not in Europe the progress which I think there should be and which I think we are justified in expecting.

I could vote for a great deal more money to be used overseas if the countries abroad would merely produce results under their own power, rather than do what in my opinion they are doing, dragging their feet and expecting the United States to make up the deficiency which they have promised in the past to supply, and which they should, in their own interest and in their own defense, supply.

Mr. DOUGLAS. I may say to the Senator from Iowa that while I appreciate his motives, which are of the best, I have tried personally to refrain from any reflection upon the speed of rearmament of European countries, lest it worsen international relations. I have tried to confine my argument simply to the effects upon the United States itself.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to the Senator from Florida.

Mr. HOLLAND. I should appreciate it if the Senator would let me make some observations before I address a question to him.

Mr. DOUGLAS. Certainly.

Mr. HOLLAND. It seems to me that Members of the Senate may be inclined, as certainly the Senator from Florida is inclined, to view this kind of question against the calm, dispassionate, more or less cloistered, academic atmosphere of the Senate Chamber, because this kind of discussion naturally lends itself to that kind of attitude. I have just been reading this afternoon's edition of the Washington Evening Star, and I wish to call to the attention of the Members of the Senate that that same attitude cannot possibly prevail in that part of the world where we hope the result of our action today will be very helpful in bringing about greater mutual security. I have complete sympathy with the attitude and expressions of the Senator from Illinois with reference to his views, but here we have a very difficult question.

Adjusting our desire for mutual security against our desire for greater economy—and I certainly admit it is that kind of situation—if I can make any kind of contribution at all, I think it may be helpful to call attention to

the feverish activity, to the terrific tension, which is shown by Associated Press dispatches as being existent in Europe at this very time, as a result of some of the critical events which have happened in the last couple of days, and which are now happening.

The headline in this afternoon's Evening Star, which extends all the way across the top of the page, reads: "Berlin phone lines cut in pact reprisal."

The first of several quotations from the press dispatches is as follows:

The Communists cut telephone communications between East and West Berlin and 17 long-distance lines between West Berlin and West Germany today.

Eight telegraph lines also were shut down.

Again I quote:

It appeared to be the first blow in the promised Communist reprisals for West Germany's signing of a peace pact with the western allies yesterday.

Then, again:

Earlier today the Russian border guards again barred Allied military motor patrols from the city's only highway link with the west.

The next one reads:

West German border police said, however, they had reports from persons crossing the east zone line that 131 Russian tanks were dispersed in the Brunswick area.

Again I quote:

These reports said troop garrisons in the area had been increased in the past few days.

So much, I may say to the Senator from Illinois, with reference to the Berlin situation. The other lead article on the first page has to do with the signing of the documents at Paris to set up a Western European army. I shall not attempt to quote from that long article, but it shows the tremendous, terrific tension, the realization that a great decision has been made, and that the peoples who have made it are subjected, not to the calmness of this quiet room, but to fears and apprehensions, the like of which we can hardly realize without attempting to project ourselves into their places.

The third article which I shall mention is a lead article on one of the inside pages, with reference to the tremendous political controversy in Italy, which has come to a head today in the computing of results in 2,400 municipal elections. The article shows that our very gallant ally, de Gasperi, has fought a good fight and is bringing Italy's critical situation to a constructive head, in spite of the fact that he seems to have lost in some places, in spite of the fact that there appears to have been much violence and much difficulty, which is completely different from anything we have here.

The fourth article—and I apologize for going at such length into these matters—is the very fine article, again from the Associated Press, to the effect that General Ridgway reached Paris today, and there begins to carry out and fulfill his inspiring mission for this Nation, in behalf of all nations which have participated in the great security efforts that are under way.

I shall not attempt to quote in detail from this article about General Ridg-

way's arrival, but I wish to quote two paragraphs. The first reads:

More than 20,000 French security police had been turned out to make sure that Communists did not successfully cause a disturbance.

That gives some idea of the immensity of the confusion, of the tremendous vigor of the opposition which exists, and of the powerful effort which is being made by our friends and allies to make sure that no untoward incident shall mark the occasion of the arrival of General Ridgway to assume possibly the greatest responsibility that any American commander has ever undertaken.

To show the attitude of the French, let me give one further quotation:

French authorities chose the longer route through the city as a gesture of contempt to Communists who threatened to demonstrate against the arrival. Interior Minister Charles Brune ordered police to crack the heads of anyone trying to start a riot.

Against that background of terrific turmoil and confusion there is a strong showing of willingness on the part of our allies to stand up and be counted by signing yesterday the German peace pact, and by signing today the contract by which a joint European army is created. When our allies take these tremendous security steps, when they stand out against the efforts of the Russians to scare them on the borders of Berlin and the eastern zone of Germany, does not the Senator feel that we ought to go a long way here to avoid doing anything which might appear to them, under those confusing conditions over there, to be a retreat on our part, or to be a showing of unwillingness to follow up two great committees of the Senate which, studying this question from different points of view, have come out with approximately the same answer, namely, that \$1,000,000,000 should be cut off the recommended amount—and that is a tremendous cut—but that no further cut can be safely made? In the opinion of the distinguished Senator from Illinois would it not be a very difficult thing for our allies to construe such an act of the Senate as we might construe it here, calmly and dispassionately, as an effort to accomplish a saving of \$3.25 to every man, woman, and child in the United States? Would it not be a difficult thing for those people, who are literally fighting for their existence, fighting for a security which they hope will mean their peace and the peace of the world, to construe our act today as anything else than a retreat and a withdrawal from a firm position taken by the acts of our two committees and by our executive department? Does not the Senator believe that, desirable as economy may be, and always is—and it is more desirable now than at any other time within the lives of the Senator from Illinois, and the Senator from Florida—the desire for economy ought to yield in this instance to our very real fear that our allies in Europe, looking at this act, might feel that we had done a dispiriting thing, a discouraging thing, and that we had in a sense turned our backs upon them at a time when they have shown the greatest aggres-

siveness, the greatest courage, and the greatest desire to stand by us and by our great new commander, who arrived only today to lead them?

Mr. DOUGLAS. Mr. President, let me say to my good friend from Florida that, of course, we have a very difficult decision to make. I believe that each of us is torn between conflicting purposes, both of them worthy.

I have no criticism to make either of the judgment or of the intentions of those who say that security is so important that we should disregard economy and disregard a balanced budget, and go all the way. I am not going to criticize them. I merely wish to say that we also have a problem of financial and economic stability.

I have noticed that a whole series of emergencies is always developing. At each moment they seem to be almost overpowering. They lead us in the direction of appropriations. However, we tend to forget the long-run effects of an unbalanced budget.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. DOUGLAS. All I have been trying to do this afternoon is to have us raise our sights from a purely immediate danger—and I grant that there is an immediate danger—to the possible alternative ultimate danger of continued inflation through unbalanced budgets. I say that this is a consideration also to be borne in mind.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am not going to yield at the moment, because now I am under full sail.

We liberal Democrats have got ourselves into a somewhat bad habit of mind as a result of the experiences of the past 18 years. We had a depression, and Franklin Roosevelt spent a great deal of money to put idle people to work with idle resources. I think, on the whole, it was money well spent. I would defend a Government deficit in a period of great unemployment.

Then Hitler came along, and we spent a great deal of money to defeat Hitler. In the main, I think that was money well spent. Liberals and believers in international peace threw their hats in the air again and said, "Hurrah." I think however that we have got ourselves into a conditioned reflex, so to speak, in which we tend to approve any appropriation and to disregard economy.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am reminded of the experiments of the great Dr. Pavlov, the physiologist, who worked with dogs. He would ring a bell in the ear of a dog and then give the dog a steak. When the dog ate the steak, of course, the saliva would flow from his mouth. Then the doctor took away the steak, and rang the bell in the ears of the dog, who had become so accustomed to associate the ringing of the bell with the steak that the saliva continued to flow. But after a while the flow became insubstantial. The effect of the ringing of bells in the ears of the dogs became less and less, and the dogs had to be sent to an animal psychiatrist.

I think many liberals and others have got themselves into much the same position. We were in favor of appropriations to get us out of the depression. I am not going to apologize for that program. I think it was a good program. We got ourselves into the habit of approving expenditures to defeat Hitler. Those were good expenditures. But let us not fall into the habit of Dr. Pavlov's dogs and become victims of a conditioned animal reflex, and think that all appropriations are proper, regardless of their purpose or amount. Let us consider each issue as it arises, and judge whether the immediate gains which we see so clearly are greater than the ultimate costs, which we do not see so readily but which are nevertheless real.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield. If later someone should come along and measure the number of inches which I have taken in the CONGRESSIONAL RECORD, let me say that I wanted to take my seat 2 hours ago. I have been kept on my feet only by questions. I am delighted to yield to our beloved majority leader.

Mr. McFARLAND. The Senator from Illinois spoke of emergencies occurring constantly.

Mr. DOUGLAS. The Senator is correct.

Mr. McFARLAND. The Senator does not mean to imply, does he, that our Government or our allies are in any way responsible for the emergency to which the distinguished Senator from Florida [Mr. HOLLAND] has referred?

Mr. DOUGLAS. No, I am not resorting to the campaign dodge which is sometimes used against my party, to the effect that it is we who create the emergencies. Such emergencies arise unfortunately from the structure of the world. All I am trying to say is that most of such emergencies turn out afterward not to be as serious as they seemed at the time. We need a certain sense of composure in dealing with such matters.

Mr. McFARLAND. The Senator stated that it was money well spent to put down Hitlerism.

Mr. DOUGLAS. That is correct.

Mr. McFARLAND. Does not the Senator think it is just as important to put down communism as it was to put down Hitlerism?

Mr. DOUGLAS. Certainly; but until we get into a hot war I want the preparedness effort—and I am for a big preparedness effort—to proceed without inflation. That is the point. It should proceed without inflation. The only way it can proceed without inflation is within the confines of a comparatively balanced budget.

Mr. McFARLAND. Mr. President, will the Senator yield for one further question?

Mr. DOUGLAS. Certainly.

Mr. McFARLAND. The Senator would agree, would he not, that the best use of money that could be made would be to prevent a hot war?

Mr. DOUGLAS. Yes.

Mr. McFARLAND. That is the object of this appropriation.

Mr. DOUGLAS. It is the object; but it may create inflation in the process. It is a very difficult problem to weigh. I do not pretend that I have the final answer. All I say is that I have tried to present a set of considerations which customarily tend to be ignored.

Mr. MOODY. Is it not correct to say that the reason crises which have seemed to be so serious at the time have sometimes passed away was because vigorous action was, generally speaking, taken about them? If we had sat by and done nothing about them the world might have come down around our heads.

Mr. DOUGLAS. I will say to my good friend from Michigan that whether we make available the total sum of \$18,900,000,000 or whether we cut the sum to \$18,400,000,000 will not have any real effect upon whether the Russians try to take West Berlin. That question will be partially settled by the determination of our military men and by the policy of our Government. I want to say that if the Russians try to take West Berlin by force I am for resisting them by force. Let there be no mistake. I am not in favor of appeasement in this or any other matter. If the showdown comes, we will appropriate money without stint or limit. However, pending that time let us try to consider the long-range implications of what we do, with a view toward having that peace that people are considering.

Mr. MOODY. Mr. President, will the Senator yield further?

Mr. DOUGLAS. I yield.

Mr. MOODY. The distinguished Senator from Illinois has made the issue here economy versus the building of strength which our committees have said is necessary. My contention a little earlier was that that is not the issue. If the cut is made, what will happen is not that the volume of things needed to defend the peace and to defend our allies and ourselves will be decreased, but merely that the time of vulnerability will be stretched out, and in the long run the actual cost in dollars will be greater. Therefore, it seems to me that the real side of economy—and I readily admit that the distinguished Senator from Illinois knows much more about the subject of economy than I do, and I recognize his colorful—

Mr. DOUGLAS. The Senator from Michigan should not be so apologetic. He has demonstrated a very deep understanding of the nature and causes of inflation, and we have fought together many times for specific economies.

Mr. MOODY. I recognize the colorful reference from his recently published great book, *Economy in the National Government*, pertaining to dogs and steak. Nevertheless, is it not true that we will have to build up a certain amount of defense in Western Europe, and the question is, When shall we do it? Shall we do it now and cut down the period of our vulnerability, or shall we put it off? I am in favor of doing it as soon as possible, because I believe the danger of war will thus be decreased to that ex-

tent. The sooner we can do the job, the less will be the danger of war. The longer the delay, and the more we cut down on our production schedules, the more military items we need to defend ourselves will cost per item, and the greater will be the expense.

Therefore, I submit to my distinguished colleague that, while the amendment which is pending has the illusion of economy, actually it is an extravagant amendment, because it will make the defense of the free world more expensive.

Mr. DOUGLAS. It is a very difficult matter. I certainly do not pretend to have the final answer. I should like, however, to warn my good friend to be aware of the danger of falling into the conditioned reflex of Dr. Pavlov's dogs.

Mr. MOODY. I am not sure I have not fallen into it, and I am sure the Senator does not mean to say that I have.

Mr. DOUGLAS. No, of course not. The Senator has shown too many times that he has not. Nevertheless we should still be on our guard against it.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. HOLLAND. The distinguished Senator from Illinois, in commenting a little while ago on the question which I addressed to him, referred to the fact that liberals had gotten used to appropriating money for every ill.

Mr. DOUGLAS. I may say to my distinguished friend from Florida that I am not trying to dissociate myself from that group of liberals. In the proper sense of that term I am proud to be called a liberal.

Mr. HOLLAND. I understand. The Senator is a liberal in a very proper sense. There are other definitions of a liberal which he and I will agree are inaccurate. I am sure that the Senator from Illinois will agree that I am not anything more than a moderate liberal.

Mr. DOUGLAS. I would regard the Senator from Florida as a very nice man.

Mr. HOLLAND. I appreciate the high encomium. The Senator from Florida simply wanted to comment that as a moderate liberal, trying to stay pretty close to the middle of the road and trying to keep his feet on the ground, it seems to him in the crisis which exists—and there has been no crisis like it before, because there has been no signing of a German peace treaty before, and there has never before been the signing of a pact by which a joint and united European defense army has been set up—that a realist, whether he be a liberal, a moderate, or a conservative, or what not, must recognize the fact that the action of the Senate today is not going to be interpreted against the calm background of the debate in the Senate, but against the background of terrific tension which exists in the streets of Paris tonight, in the streets of Berlin tonight, and in the streets of Rome tonight; and that those of us who want to be realists must make very certain that we do not ignore the fact that it is the atmosphere which

prevails over there which will largely determine the reception with which reasonable men in Europe will greet the news of the action taken here.

The Senator from Florida is strongly of the persuasion that, approaching the matter from that point of view, this is one time when even his good friend the Senator from Illinois will allow his zeal for economy to yield to the undoubted fact that an additional cut, beyond the very large cut of \$1,000,000,000 already made by the two great committees, would necessarily be interpreted as a diminution of zeal on the part of the Congress of the United States as a turning of our backs upon our determination to see this thing through, as a withholding in part of aid and mutual security grants which seemed to be assured, and, most important, as a pulling of the rug from under the feet of General Ridgway at the very moment of his arrival in Europe to accept one of the heaviest responsibilities that any American has ever been asked to accept.

It is from that point of view that the Senator from Florida strongly urges his feeling and his conviction that here is a matter which we should view from the background of what is going to be the effect of our action upon this joint venture on which we have embarked, from which we dare not retreat, from which we do not want to retreat, from which I am perfectly well aware that the distinguished Senator from Illinois does not want to retreat, any more than the Senator from Florida wants to retreat. We must view the matter from the very realistic point of view of how our action will almost necessarily be received by those who are most vitally affected by it, our allies in Europe.

Mr. DOUGLAS. Mr. President, without unduly going into personal and family matters, the view which has just been expressed by my good friend from Florida is the one which was expressed to me by my wife last night and this morning as we were discussing this issue. Even in the face of the expressed opinion of a person who almost invariably exhibits better judgment than I do, I must, however, make my own decision.

While I have a great deal of sympathy for the Senator from Florida in the expression of his views, nevertheless, it may be that I am getting to be like one of Pavlov's dogs. Perhaps I have been conditioned by constantly seeking economy and always being told: "This is not the time or the place." It may be that in the shell game of economy I am a little "shell-shocked" from my 3 years' experience on the floor of the Senate, when on every issue, whether it is with respect to the internal waterways of Florida, bonus pay for fliers, the reduction of appropriations for irrigation, or whatnot, the answer always comes: "This is not the time."

I may be shell-shocked. I may have been conditioned. It may be that my suppressed Scotch blood is gradually coming to the surface and I am being economical in some place where I ought not to be economical. That is possible. Nevertheless I have heard the same story so many times that I may be pardoned

if in this particular case I wish to sprinkle a little salt over it. However, I have been through this experience many times, and always the answer has been the same: "Don't do it now."

So, as I say, my approach to this matter may have been conditioned by my experience, and my reaction may have been emotional, instead of highly intellectual; but I do not think that is so. Certainly there is still the problem of financial and economic stability.

Mr. KILGORE. Mr. President, will the Senator from Illinois yield to me?

The PRESIDING OFFICER (Mr. HOYER in the Chair). Does the Senator from Illinois yield to the Senator from West Virginia?

Mr. DOUGLAS. I yield. First, Mr. President, I wish to say again that I am not keeping the floor out of conceit or out of a desire to hear the sound of my own voice. I should like to take my seat. However, if the Senator from West Virginia wishes to ask me a question, I shall endeavor to answer it.

Mr. KILGORE. Of course, the Senator from Illinois recalls, does he not, that since the War Between the States and the Spanish-American War, we have engaged in only two major wars, namely, the First World War and the Second World War; and in referring to those wars, I am sure the Senator from Illinois recalls that during World War I, both Britain and France were strong.

Mr. DOUGLAS. Yes.

Mr. KILGORE. Based upon the strength of Britain and France, we were given the necessary time in which to prepare to meet our enemies.

Mr. DOUGLAS. That is correct.

Mr. KILGORE. The Senator from Illinois will also agree with me, will he not, that the result of World War I was to pull down to a considerable degree the strength of both Britain and France?

Mr. DOUGLAS. Yes.

Mr. KILGORE. Furthermore, following that war, both Britain and France engaged in another world war, during which again they gave us time in which to prepare to fight our enemies and to prepare to make our blows effective; and since then both Britain and France have decreased markedly in strength and have gone through a difficult period of reconstruction.

Furthermore, during the last war, Holland, Belgium, and Norway went through most difficult times.

So, Mr. President, to my mind the question is not so much one of extending military aid as it is one of helping to build up in those countries strength and a will to resist and a desire to produce their own military weapons so that they will be able to help us in our hour of need. Does not the Senator from Illinois agree with me on that point?

Mr. DOUGLAS. Mr. President, the Senator from West Virginia has presented a very logical argument. I do not disagree with the Marshall plan or with the North Atlantic Treaty Organization. I voted for both of those proposals, and I believe in them.

Certainly I will vote for an aid bill.

I am saying that in this case we have an opportunity to help protect the finan-

cial stability of our country, without appreciably endangering our country's military security. In the present instance we have to weigh both those considerations.

Mr. KILGORE. Then does the Senator from Illinois believe that the military budget now proposed is much larger than necessary?

Mr. DOUGLAS. No; I simply say that it is somewhat more than necessary, based upon both the measures already in effect and those intended to be put into effect. Furthermore, the financial demands for the atomic-energy program and for the situation in Korea, to both of which the Senator from Michigan has referred previously today, present a further financial danger.

I merely ask that the importance of the various requirements be weighed in respect to each other and to the economic capacity of the country. Some persons may consider one of more importance; some may consider the other to be of greater importance.

Mr. President, having no desire to detain my colleagues, I now yield the floor.

NATIONAL GOLF DAY

Mr. FERGUSON. Mr. President, I submit a resolution which I shall read. Then I shall request its immediate consideration. I believe that the Senate will be willing to adopt the resolution unanimously, and that consideration of the resolution will take only a moment.

The resolution I now submit reads as follows:

Whereas there is tremendous need for maintaining and increasing the facilities of the United Service Organization, better known as the USO, to serve our men and women in uniform and their families, in this country and overseas; and

Whereas there also is urgent need for maintaining and increasing the National Golf Fund for its worthy contributions to outstanding charitable causes; and

Whereas the game of golf can be eminently beneficial to the financial needs of the USO and the National Golf Fund by one of the most unusual tournaments in the history of golf; and

Whereas one of the world's outstanding golfers, while playing 18 holes at the Northwood Club, Dallas, Tex., Saturday, May 31, 1952, will be competing at the same time with hundreds of thousands of America's golfers on this country's 4,970 public and private fairways for contributions to be donated in entirety in equal shares to the USO and the National Golf Fund: Therefore be it

Resolved, That it is the sense of the Senate that May 31, 1952, be observed as National Golf Day.

Mr. President, I now send the resolution to the desk, and ask for its immediate consideration.

Mr. CONNALLY. The resolution should be referred to a committee.

Mr. FERGUSON. There is not sufficient time to send the resolution to a committee.

Mr. CONNALLY. The committee could meet tomorrow.

Mr. FERGUSON. Mr. President, I have asked for the immediate consideration of the resolution.

The PRESIDING OFFICER. Is there objection to the request of the Senator

from Michigan for the immediate consideration of the resolution?

There being no objection, the resolution (S. Res. 321) was considered and agreed to.

SETTLEMENT OF TAX CASES WITH GAMBLERS AND RACKETEERS

Mr. WILLIAMS. Mr. President, on numerous occasions during the past few years, charges have been made that the Treasury Department was settling tax cases with big-time gamblers and racketeers on a more liberal basis than that accorded the average taxpayer. First, these charges were made by the Califor-

nia Crime Commission and later repeated by the Kefauver crime committee.

I felt that the best way to determine the accuracy or inaccuracy of these charges was to select specific cases, and then review the record for the past several years to see what, if any, special consideration that class of taxpayer had obtained.

In assembling this information I have attempted to go back at least 10 years, reviewing all delinquencies or compromise settlements as well as obtaining information on the manner in which the tax returns of these individuals have been investigated.

Today I shall report on three cases.

The first case is that of Ralph Capone, 7234 South Prairie Avenue, Chicago, Ill. The Department of Justice' records describe this individual as one of the Nation's most prominent racketeers.

At this point I ask unanimous consent to have incorporated in the RECORD, as a part of my remarks, a breakdown of the tax record of Ralph Capone.

The PRESIDING OFFICER. Is there objection?

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Taxable year	Sym-bols	Amount assessed	Paid, abated or credited			Balance outstanding	Remarks
			Date paid	Schedule No.	Amount		
1922	OT	\$1,028.00					
	P	257.00					
1922	CT	1,028.00		32857	\$1,285.00 Ab		Abated.
	P	257.00					
	I	232.14				\$1,517.14	O in C submitted Oct. 13, 1927, rejected. O in C submitted Mar. 1, 1929, rejected. O in C submitted Mar. 4, 1929, rejected. Suit instituted Dec. 17, 1933. O in C submitted Nov. 19, 1942, rejected. Amended O in C submitted Oct. 11, 1943, rejected. O in C submitted Jan. 27, 1949, pending.
1923	OT	1,266.00					
	P	316.50		32857	1,582.50 Ab		Abated.
1923	CT	1,266.00					
	P	316.50					
	I	209.93				1,792.43	Same as 1922.
1924	OT	955.00					
	P	238.75		32857	1,239.94 Ab		
	I	217.94		48840	116.88 Ab	54.87	Do.
1924	CT	955.00					
	P	238.75					
	I	101.06				1,294.81	Do.
1925	OT	603.75					
	P	150.94		32857	754.69 Ab		
	I	65.33		48840	65.33 Ab	None	
1925	CT	816.75					
	P	204.18					
		37.42		32857	20.55 Ab	1,037.80	Do.
United States court case on 1922 through 1925.	F	9,900.00	Jan. 29, 1932		9,900.00 Pd		Fine and cost by United States court.
	F	100.00	Oct. 10, 1933		100.00 Pd		Title 28, sec. 80, U. S. C.
	C	654.90	Mar. 19, 1934		654.90 Pd	None	
1926	DT	11,126.95					
	P	8,345.22					
	I	5,403.89				24,876.06	Lien filed, Dec. 10, 1936. O in C submitted May 28, 1937, rejected. O in C submitted Nov. 16, 1939, rejected. O in C submitted Nov. 19, 1942, rejected. Amended O in C Oct. 11, 1943, rejected.
1927	DT	17,301.05					Form 900 in file extending statute of limitations to Dec. 31, 1952. O in C submitted Jan. 27, 1949, pending.
	P	12,975.79					
	I	7,364.32				37,641.16	Same as 1926.
1928	OT	471.71	May 9, 1929		295.33 Pd		
	I	1.05	July 10, 1929		177.43 Pd	None	
1928	AT	13,239.36					
	P	6,619.68					
	I	4,841.07				24,709.11	Do.
1929	OT	669.66	Mar. 14, 1930		669.66 Pd	None	
1930	OT	608.86	Mar. 16, 1931		608.86	None	
1931	OT	96.75	Mar. 15, 1932		96.75 Pd	None	
1932	OT	184.00	Mar. 1, 1933		184.00 Pd	None	
1933	OT	241.02	Mar. 14, 1934		241.02 Pd	None	
1934	OT	833.47	Mar. 15, 1935		233.47 Pd		
	I	6.96	June 15, 1935		200.00 Pd		
	AT	98.06	Dec. 10, 1935		200.00 Pd		
	I	8.97	Mar. 2, 1936		200.00 Pd		
			do		6.96 Pd		
			Oct. 12, 1936		107.03 Pd	None	
1935	OT	476.02	Mar. 16, 1936		146.02 Pd		
			June 15, 1936		110.00 Pd		
1935	AT	122.78	Sept. 14, 1936		110.00 Pd		
	I	4.21	Dec. 15, 1936		110.00 Pd		
			Oct. 12, 1936		128.99 Pd	None	
1936	OT	802.95	Mar. 15, 1937		202.95 Pd		
	I	10.73	June 16, 1937		200.00 Pd		
1936	AT	68.94	Sept. 15, 1937		202.49 Pd		
	I	53.17	Feb. 8, 1938		197.51 Pd		
			do		10.73 Pd		
			Jan. 23, 1950		68.94 Pd	None	
				159769	33.17 Cr		Overassessment on other years.
1937	OT	1,283.99	Mar. 15, 1938		323.99 Pd		
			June 15, 1938		320.00 Pd		
1937	AT	112.32	Sept. 14, 1938		320.00 Pd		
	I	79.89	Dec. 14, 1938		320.00 Pd		
			Jan. 23, 1950		112.32 Pd	None	
				159769	79.89 Cr		Do.
1938	OT	961.40	Mar. 15, 1939		250.00 Pd		
			June 15, 1939		230.70 Pd		

Footnotes at end of table.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued May 29, 1952

For actions of May 28, 1952

82nd-2nd, No. 92

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate passed foreign-aid bill. Senate made defense-production bill its unfinished business and Sen. Maybank inserted summary of bill. Senate committees reported independent offices appropriation bill, measures to appropriate funds for flood control and soil conservation and to make temporary appropriations pending enactment of supplemental appropriation bill, and bill to make agricultural education program available for University of Alaska. Senate committee ordered reported various transportation bills. House passed road authorization bill.

SENATE

1. **FOREIGN AID.** Passed, 64-10, with amendments H. R. 7005, to extend the Mutual Security Program for the fiscal year 1953. Agreed, 37-34, to a Long amendment reducing the appropriation authorizations by \$200,000,000. Agreed to a Ferguson amendment providing that, when a commodity authorized for procurement outside the U. S. is under domestic allocation or price controls, it shall be furnished to the recipient country in lieu of dollar grants. (pp. 6218-89.)

2. **APPROPRIATIONS.** The Appropriations Committee reported with amendments H. R. 7072, the independent offices appropriation bill for 1953 (S. Rept. 1603)(p. 6216). It is understood that the Committee voted to eliminate the rider to limit the taking of annual leave and eliminated the Jensen rider to restrict the filling of vacancies in the agencies covered by the bill, but that the Committee agreed to a Ferguson amendment making a 10% reduction in the budget estimates for personal services in various agencies covered by the bill.

The Committee reported with amendments H. J. Res. 426, making temporary appropriations available pending enactment of the third supplemental appropriation bill, H. R. 6947, which is tied up in conference. That bill includes supplemental items for pay costs in this Department. (S. Rept. 1612.)(p. 6216.)

The Committee reported without amendment H. J. Res. 454, which provides \$20,000,000 for USDA flood rehabilitation (FMA and SCS) and \$35,000,000 for Army flood control (S. Rept. 1602)(p. 6216).

3. **EDUCATION.** The Agriculture and Forestry Committee reported without amendment H. R. 6922, to amend Sec. 22 (relating to the endowment and support of colleges

of agriculture and the mechanic arts) of the act of June 29, 1935, so as to extend the benefits of such section to certain colleges in Alaska (S. Rept. 1609) (p. 6216).

4. LAND TRANSFERS. The Agriculture and Forestry Committee reported without amendment S. 2603, to return to Oregon a tract of land which had been donated to the U. S. for fish-hatchery use (S. Rept. 1610)(p. 6216).

The Committee also reported without amendment H. R. 5314, to transfer a tract of land which has been used by EPISAE for grape research to the University of California (S. Rept. 1611)(p. 6216).

5. PROPERTY SEIZURE. The Judiciary Committee reported with amendment S. J. Res. 158, to amend the Constitution so as to prohibit the President from seizing private property except as may be prescribed by law (S. Rept. 1606)(p. 6216).

6. DEFENSE PRODUCTION. S. 2594, to extend the Defense Production Act, was made the unfinished business (p. 6289). Sen. Maybank obtained consent to make a correction in the committee report and inserted a summary of the committee bill (p. 6291).

As reported, the bill extends price and wage control authority until Mar. 1, 1953, and extends authority for priorities, allocations, loans and loan guarantees, and import controls until June 30, 1953. However, the import-control provision is amended by substituting the old law (Public Law 590) for the Magnuson amendments (Sec. 104 of the Act). The bill amends the Capchert amendment to make clear that it does not apply to retailers and wholesalers; strikes out the word "hereafter" from the Herlong amendment, thus extending to all retailers and wholesalers their historical mark-up; and sets forth criteria under which price and wage controls should be suspended.

7. TRANSPORTATION. The Interstate and Foreign Commerce Committee ordered reported (but did not actually report) various transportation bills, including S. 2357, amending the Interstate Commerce Act regarding the agricultural exemption clause, and S. 2653, to standardize rates on household goods shipped by the U.S. Government for its employees (p. D511).

8. TOBACCO. The Agriculture and Forestry Committee voted to report (but did not actually report) H. R. 3554, to provide that the carryover of Maryland tobacco for any marketing year shall be the quantity of such tobacco on hand in the U. S. on Jan. 1 of such marketing year (p. D510).

9. GRAIN-STORAGE INVESTIGATION. The "Daily Digest" states that the Agriculture and Forestry Committee "postponed for 2 weeks action to conclude hearings on grain shortage investigation, in order that the committee staff and the GAO have further opportunities to complete their investigations" (p. D510).

10. MIGRATORY LABOR. Sen. Humphrey inserted a N. J. Consumers' League resolution commending the report of the President's commission on migratory labor (p. 6215).

11. ROAD AUTHORIZATIONS. As reported (see Digest 90), S. 2437 authorizes appropriations for each of the fiscal years 1954 and 1955 including the following:
Forest highways, \$25,000,000; forest development roads and trails, \$22,500,000; Federal-aid highways, \$270,000,000; Federal-aid secondary highways, \$180,000,000; national park roads and trails, \$10,000,000; parkways, \$10,000,000; and Indian reservation roads, \$10,000,000. It also authorizes \$50,000,000 for defense access roads.

82D CONGRESS
2D SESSION

H. R. 7005

IN THE SENATE OF THE UNITED STATES

MAY 28, 1952

Ordered to be printed with the amendment of the Senate

AN ACT

To amend the Mutual Security Act of 1951, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act of
4 1952".

5 SEC. 2. Section 2 of the Mutual Security Act of 1951
6 is amended by inserting "(a)" after the section number and
7 by adding at the end thereof a new subsection as follows:

8 "(b) The Congress welcomes the recent progress in
9 political federation, military integration, and economic uni-
10 fication in Europe and reaffirms its belief in the necessity of
11 further vigorous efforts toward these ends as a means of

1 building strength, establishing security, and preserving peace
 2 in the North Atlantic area. In order to provide further
 3 encouragement to such efforts, the Congress believes it es-
 4 sential that this Act should be so administered as to support
 5 concrete measures for political federation, military integra-
 6 tion, and economic unification in Europe. Appropriations
 7 made pursuant to paragraphs 101 (a) (1), relating to mili-
 8 tary assistance, and 101 (a) (2), relating to defense support
 9 and economic assistance, of this Act may be used, pursuant
 10 to the applicable terms and conditions of the Mutual Defense
 11 Assistance Act of 1949, as amended, and of section 503
 12 of this Act, respectively, to furnish assistance (including, in
 13 the case of amounts available pursuant to paragraph 101
 14 (a) (2), transfers of funds) to any of the following or-
 15 ganizations: (A) The North Atlantic Treaty Organization;
 16 (B) the European Coal and Steel Community; (C) the
 17 organization which may evolve from current international
 18 discussions concerning a European defense community."

19 SEC. 3. Title I of the Mutual Security Act of 1951 is
 20 amended as follows:

21 (a) In paragraph 101 (a) (1), insert ", for Spain,"
 22 after "parties to the North Atlantic Treaty".

23 (b) At the end of paragraph 101 (a) (1) add the
 24 following new sentence: "There is hereby authorized to be
 25 appropriated to the President for the fiscal year 1953 not to

1 exceed \$3,316,000,000, for assistance pursuant to the pro-
 2 visions of the Mutual Defense Assistance Act of 1949, as
 3 amended (~~22 U. S. C. 1571-1604~~) to countries eligible for
 4 assistance under this paragraph; and in addition balances of
 5 any appropriations heretofore made pursuant to this para-
 6 graph unobligated as of June 30, 1952, or subsequently
 7 released from obligation, are authorized to be continued avail-
 8 able for obligation for their original purposes through June
 9 30, 1953, and to be consolidated with the appropriation
 10 hereby authorized."

11 (c) Amend section 101 (a) ~~(2)~~ to read as follows:
 12 "There is hereby authorized to be appropriated to the Presi-
 13 dent for the fiscal year 1953 not to exceed \$1,022,000,000
 14 to provide assistance to any country covered by paragraph
 15 (1) of this subsection in accordance with the provisions of
 16 section 503 of this Act; and in addition balances of appro-
 17 priations heretofore made pursuant to this paragraph unobli-
 18 gated as of June 30, 1952, or subsequently released from
 19 obligation, are authorized to be continued available for obli-
 20 gation for their original purposes through June 30, 1953,
 21 and to be consolidated with the appropriation hereby
 22 authorized."

23 (d) Add the following new subsection:

24 "(e) Not less than \$25,000,000 of the funds made
 25 available under authority of subsections (a) and (b) of

1 this section shall be used for economic, technical, and military
2 assistance to Spain in accordance with the provisions of this
3 Act. Unexpended balances of appropriations made available
4 for assistance to Spain pursuant to this section by the Act
5 of October 31, 1951 (Public Law 249, Eighty-second Con-
6 gress), are authorized to be continued available until June
7 30, 1953."

8 SEC. 4. Title II of the Mutual Security Act of 1951 is
9 amended as follows:

10 (a) At the end of section 201 add the following new
11 sentence: "There is hereby authorized to be appropriated to
12 the President for the fiscal year 1953 not to exceed \$606,-
13 370,000, to carry out the purposes and provisions of this
14 section; and in addition balances of any appropriations
15 heretofore made pursuant to this section unobligated as of
16 June 30, 1952, or subsequently released from obligation, are
17 authorized to be continued available for obligation for their
18 original purposes through June 30, 1953, and to be con-
19 solidated with the appropriation hereby authorized."

20 (b) Amend section 203 to read as follows: "In order
21 to further the purpose of this Act in Africa and the Near
22 East there is hereby authorized to be appropriated to the
23 President for the fiscal year 1953 not to exceed \$55,000,000
24 to carry out the purposes and provisions of this section; and
25 in addition balances of any appropriations heretofore made

1 pursuant to this section unobligated as of June 30, 1952;
2 or subsequently released from obligation; are authorized to
3 be continued available for obligation for their original pur-
4 poses through June 30, 1953; and to be consolidated with
5 the appropriation hereby authorized. Funds appropriated
6 pursuant to this section shall be available under Section 503
7 of this Act and the Act for International Development (22
8 U. S. C. 1557): *Provided*, That the dollar costs of the
9 United States under the Act for International Development
10 for the program in any country in any fiscal year for supplies
11 and equipment shall not exceed three times the dollar costs
12 of the United States for United States technicians and the
13 training of local personnel."

14 ~~(c)~~ After section 205 add the following new section:

15 "SEC. 206. In addition to the amounts authorized by
16 section 203, there is hereby authorized to be appropriated
17 not to exceed \$65,000,000 for carrying out the purposes and
18 provisions of section 204 of this Act, relating to Palestine
19 refugees, during the fiscal year 1953; and not to exceed
20 \$76,000,000 for carrying out the purposes and provisions
21 of section 205 of this Act, relating to refugees in Israel,
22 during the fiscal year 1953: *Provided*, That amounts appro-
23 priated pursuant to this section which the President finds
24 cannot be effectively expended to carry out the purposes and
25 provisions of sections 204 and 205 may be transferred to

1 and merged with the appropriations authorized by section
2 203."

3 SEC. 5. Title III of the Mutual Security Act of 1951
4 is amended as follows:

5 (a) At the end of section 301 add the following new
6 sentence: "There is hereby authorized to be appropriated
7 to the President for the fiscal year 1953 not to exceed
8 \$611,230,000, to carry out the purposes and provisions of
9 this section; and in addition balances of any appropriations
10 heretofore made pursuant to this section unobligated as of
11 June 30, 1952, or subsequently released from obligation, are
12 hereby authorized to be continued available for obligation for
13 their original purposes through June 30, 1953, and to be
14 consolidated with the appropriation hereby authorized."

15 (b) In the second sentence of subsection 302 (a) strike
16 out the words "the applicable provisions of the Economic
17 Cooperation Act of 1948, as amended (22 U. S. C. 1501-
18 1522), and" and insert in lieu thereof "section 503 of this
19 Act and the applicable provisions" and at the end of such sub-
20 section add the following new sentence: There is hereby
21 authorized to be appropriated to the President for the fiscal
22 year 1953 not to exceed \$208,800,000, to carry out the
23 purposes and provisions of this subsection in accordance with
24 the provisions of section 503 of this Act and not to exceed
25 \$88,000,000 to carry out the purposes and provisions of

1 this subsection in accordance with the applicable provisions
 2 of the Act for International Development (Public Law 535,
 3 Eighty-first Congress); and in addition balances of any ap-
 4 propriations heretofore made pursuant to this subsection
 5 unobligated as of June 30, 1952, or subsequently released
 6 from obligation, are hereby authorized to be continued avail-
 7 able for obligation for their original purposes through June
 8 30, 1953, and to be consolidated with the appropriation
 9 hereby authorized."

10 (c) Add the following sentence to subsection 302 (b):
 11 "Unexpended balances of allocations heretofore made to the
 12 Secretary of State pursuant to that proviso shall be con-
 13 tinued available until expended."

14 (d) In the first sentence of subsection 303 (a) after
 15 the words "to be appropriated to the President" insert the
 16 words "for the fiscal year 1953".

17 (e) In the second sentence of subsection 303 (a) sub-
 18 stitute for the words "1952" the words "1953".

19 (f) Immediately before the last sentence of subsection
 20 303 (a) add the following: "In addition, the United States
 21 Department of the Army is hereby authorized to make avail-
 22 able to the United Nations Korean Reconstruction Agency,
 23 at the time when that Agency assumes full responsibility for
 24 relief and rehabilitation in Korea, goods and services of a
 25 value not to exceed \$67,500,000 which the Department of

1 the Army then has on hand or on order for civilian relief
2 in Korea and which the President determines should be con-
3 tributed by the United States to the United Nations Korean
4 Reconstruction Agency for use in its relief and rehabilita-
5 tion operations in Korea. The value of goods and services
6 made available pursuant to the preceding sentence shall be
7 credited toward the contribution to be made by the United
8 States to the United Nations Korean Reconstruction
9 Agency."

10 (g) The last sentence of subsection 303 (b) is hereby
11 repealed.

12 SEC. 6. Title IV of the Mutual Security Act of 1951 is
13 amended (1) by adding at the end of the center heading
14 "AND NON SELF-GOVERNING TERRITORIES OF
15 THE WESTERN HEMISPHERE", (2) by inserting after
16 "Republics" in section 402 the words "and non-self-govern-
17 ing territories of the Western Hemisphere", and (3) by
18 adding at the end of such title the following new section:

19 SEC. 403. In addition to the amounts heretofore author-
20 ized and appropriated, there are hereby authorized to be ap-
21 propriated to the President for the fiscal year 1953 not to
22 exceed \$62,400,000 to carry out the purposes and provisions
23 of section 401 and not to exceed \$22,000,000 to carry out
24 the purposes and provisions of section 402. In addition,
25 balances of the appropriation heretofore made pursuant to

1 each such section unobligated as of June 30, 1952, or subse-
 2 quently released from obligation, are authorized to be con-
 3 tinued available for obligation for their original purposes
 4 through June 30, 1953, and to be consolidated with the
 5 applicable appropriation authorized by this section."

6 SEC. 7. Title V of the Mutual Security Act of 1951 is
 7 amended as follows:

8 (a) Section 522 is hereby repealed.

9 (b) In paragraph (3) of subsection (a) of section 501,
 10 insert before the period at the end thereof the following:
 11 "and the supervision, coordination, and evaluation of all
 12 reports prepared by agencies of the United States Govern-
 13 ment in the course of their operations under this Act, in order
 14 to prevent duplication of effort and to insure a reduction of
 15 reporting requirements to the minimum essential for effective
 16 operation".

17 (c) Amend section 503 by inserting "(a)" after "503"
 18 by redesignating paragraphs (a), (b), and (c) as (1),
 19 (2), and (3), respectively, and by adding at the end thereof
 20 the following new subsection:

21 "(b) (1) Except as provided in paragraph (2), the
 22 Economic Cooperation Act of 1948, as amended, is re-
 23 pealed.

24 "(2) Of the powers, functions, and responsibilities

1 transferred to the Director for Mutual Security by section
 2 502 (b) (2) of this Act, only those which are exercised
 3 pursuant to the provisions of the Economic Cooperation
 4 Act of 1948, as amended, enumerated in paragraph (3)
 5 of this subsection and are not in conflict with the other
 6 provisions of this Act, as amended, may be exercised after
 7 June 30, 1952. Of the powers, functions, and responsibili-
 8 ties conferred on the President or the Secretary of State by
 9 the Economic Cooperation Act of 1948, as amended, only
 10 those conferred by the provisions of that Act, as amended,
 11 which are referred to in paragraph (3) of this subsection
 12 may be exercised after June 30, 1952.

13 “(3) The provisions of the Economic Cooperation
 14 Act of 1948, as amended referred to above are the fol-
 15 lowing: Sections 104 (c) and (f); 107; subsections (c)
 16 and (d) of section 109; 110 (a) and (b); 111; 112;
 17 113; subsections (d), (h) and (i) of section 114; 115
 18 (a); paragraphs (1), (2), (3), (4), (5), (6), (7);
 19 (8), (9), and (10) of section 115 (b); subsections (d),
 20 (h) and (j) of section 115; section 117 (c); section 119;
 21 and section 120. Where any of the above provisions re-
 22 fer to the purposes of the Economic Cooperation Act of
 23 1948, as amended, such reference shall be deemed to be the
 24 purpose of this Act, as amended.”

25 “(d) In subsection (a) of section 504, strike out all

1 after "Senate" and insert in lieu thereof a period and the
 2 following sentences: "The Deputy Director shall receive
 3 compensation of \$17,500 per annum. The Special Repre-
 4 sentative in Europe shall receive the same compensation
 5 and allowances as a Chief of Mission, class 1, within the
 6 meaning of the Act of August 13, 1946 (60 Stat. 999);
 7 and have the rank of Ambassador Extraordinary and Pleni-
 8 potentiary. The Deputy Special Representative in Europe
 9 shall be entitled to receive the same compensation and al-
 10 lowances as a Chief of Mission, class 3, within the meaning
 11 of the Act of August 13, 1946 (60 Stat. 999); and have
 12 the rank of Ambassador Extraordinary and Plenipotentiary."

13 (e) In subsection (e) of section 504, (1) strike out
 14 "transferred to or employed by the Mutual Security Agency"
 15 and insert in lieu thereof "employed in the United States
 16 on programs authorized by this Act" and (2) amend the
 17 second sentence of such subsection to read as follows: "Such
 18 positions shall be in addition to those authorized by law to
 19 be filled by Presidential appointment, and in addition to the
 20 number authorized by section 505 of the Classification Act
 21 of 1949, as amended."

22 (f) Before the period at the end of subsection (d) of
 23 section 504, add the following: "Provided further, That,
 24 ninety days after the enactment of the Mutual Security Act
 25 of 1952, the number of civilian employees who are United

1 States citizens, receiving compensation or allowances from the
2 administrative expense appropriations authorized by this Act,
3 employed in the United States and overseas by or assigned to
4 the Mutual Security Agency, or employed by or assigned to
5 the Department of State or the Department of Defense for
6 carrying out programs the appropriations for which are
7 authorized by this Act, and the military personnel assigned to
8 such programs, shall be in the aggregate at least 10 per cen-
9 tum less than the number so employed or assigned on January
10 1, 1952, except for such personnel of the Department of De-
11 fense engaged in the manufacturing, repair, rehabilitation,
12 packing, handling, crating, or delivery of matériel: *Provided*
13 *further*, That after the Director has determined the reduc-
14 tion to be effected in each agency, the determination as to
15 which individual employees shall be retained shall be made
16 by the head of the agency concerned”.

17 (g). Amend subsection (e) of section 506 to read as
18 follows:

19 “(e) Notwithstanding any other provision of law, be-
20 ginning with July 1, 1952, the Secretary of Defense may
21 furnish (subject to reimbursement from funds appropriated
22 pursuant to this Act) military assistance out of the materials
23 of war whose production in the United States shall have
24 been authorized for, and appropriated to, the Department
25 of Defense: *Provided, however*, That nothing in this Act

1 shall authorize the furnishing of military items under this
 2 subsection in excess of \$1,000,000,000 in value. For the
 3 purposes of this subsection ~~(1)~~ 'value' shall be determined
 4 in accordance with section 403 ~~(e)~~ of the Mutual Defense
 5 Assistance Act of 1949, as amended, and ~~(2)~~ the term
 6 'materials of war' means those goods, commonly known as
 7 military end items, which are required for the performance
 8 of their missions by armed forces of a nation, including
 9 weapons, military vehicles, ships of war under fifteen hundred
 10 tons, aircraft, military communications equipment, ammuni-
 11 tion, maintenance parts and spares, and military hardware."

12 ~~(h)~~ Add at the end of section 506 the following new
 13 subsection:

14 "~~(d)~~ Of the funds made available for military assistance
 15 under the amendments made by sections 3 ~~(b)~~, 4 ~~(a)~~, 5 ~~(a)~~,
 16 and 6 of the Mutual Security Act of 1952, not less than
 17 \$1,000,000,000 shall be expended for procurement of mili-
 18 tary end items from sources outside the United States."

19 ~~(i)~~ Section 511 is amended by adding the following new
 20 subsection:

21 "~~(e)~~ ~~(1)~~ The Congress of the United States finds that
 22 mutual security can be realized only to the extent that the
 23 countries who receive our aid do their utmost to help them-
 24 selves and cooperate among themselves and with the United

1 States to the fullest extent in achieving the objectives of the
2 free world. In providing assistance under this Act, the
3 Congress of the United States affirms the desire of the United
4 States to continue to use its leadership and resources for the
5 purpose of uniting the efforts of recipient countries to the end
6 that positive accomplishments toward mutual security may be
7 realized with a maximum of efficiency and a minimum of
8 delay and cost.

9 “(2) In addition to the provisions of subsections (a)
10 and (b) of this section, the Director, in administering this
11 Act, shall insure that, where necessary to the mutual security
12 effort, no country shall receive any assistance hereunder
13 unless it take decisive action to marshal its resources col-
14 lectively, or individually where more suitable, with integra-
15 tion and unification plans in the appropriate area, and par-
16 ticipate in programs which promote collective security in that
17 area. The Director shall insure that, where suitable or neces-
18 sary to the success of the mutual security effort, countries take
19 adequate steps to mobilize their industries for mutual defense
20 and gear their fiscal, budgetary, capital, political, and mili-
21 tary resources to the objectives of this Act and take appro-
22 priate other steps toward self-help and mutual cooperation.

23 “(3) Assistance shall be given on a country-by-country
24 basis to a degree and at a rate commensurate with the rate of

1 progress made in the attainment of the objectives of this
2 Act."

3 (j) In section 513, amend the heading to read "~~SPECIAL~~
4 ~~USE OF FUNDS~~", insert "(a)" after SEC. 513.", and add
5 at the end of such section the follow new subsection:

6 "(b) Not more than \$100,000,000 of the funds made
7 available under the Mutual Security Act of 1952, of which
8 not more than \$20,000,000 may be allocated to any one
9 country, may be supplied without regard to any conditions
10 as to eligibility contained in this Act, or any other Act for
11 which funds are authorized by this Act, when the President
12 determines that supplying such funds is important to the
13 security of the United States. The President shall notify
14 the Committee on Foreign Relations of the Senate and the
15 Committee on Foreign Affairs of the House of Represent-
16 atives upon making any such determination."

17 (k) Amend section 514 to read as follows:

18 "STRATEGIC MATERIALS

19 "SEC. 514. In order to reduce the drain on United
20 States resources and to assure the production of adequate
21 supplies of essential raw materials for the collective defense
22 of the free world, the Director for Mutual Security is au-
23 thorized to initiate projects for, and assist in procuring and
24 stimulating increased production of, materials in which

1 deficiencies or potential deficiencies in supply exist among
2 nations receiving United States assistance."

3 ~~(1)~~ Amend section 516 by inserting "~~(a)~~" after "SEC.
4 516." and by adding at the end of such section the follow-
5 ing new subsections:

6 ~~"(b)~~ To accomplish the purpose of clause ~~(1)~~ of sub-
7 section ~~(a)~~ of this section, under the coordination of the
8 Director for Mutual Security—

9 ~~"(1)~~ The Mutual Security Agency, cooperating
10 with private business groups and governmental agencies
11 to the fullest extent possible, shall encourage a greater
12 participation by private capital in the guaranty pro-
13 gram and shall develop broad criteria to facilitate such
14 participation, including programs consistent with the
15 purposes of the Act for International Development.

16 ~~"(e)~~ The Department of Commerce shall, in coopera-
17 tion with such groups and agencies (including the Interna-
18 tional Bank for Reconstruction and Development), conduct
19 a thorough study of the legal and other impediments, foreign
20 and local, to private investment abroad, and the methods and
21 means whereby those impediments can be removed or
22 decreased and shall make recommendations thereon to the
23 Director for Mutual Security.

24 ~~"(d)~~ The Department of State, in cooperation with

1 other agencies of the Government concerned with private
2 investment abroad, and taking into account the study and
3 recommendations described in paragraph (1) of this sub-
4 section, shall accelerate a program of negotiating treaties of
5 commerce and trade, or other temporary arrangements where
6 more suitable or expeditious, which shall include provisions
7 to encourage and facilitate the flow of private investment to
8 countries participating in programs under this Act.

9 “(c) The Technical Cooperation Administration, taking
10 into account the study and recommendations described in
11 subsection (c) of this subsection, shall encourage and facili-
12 tate a greater participation by private industrial groups or
13 agencies in private contracts awarded by the Administration,
14 and shall, in cooperation with the Department of Commerce
15 and the Mutual Security Agency, find and draw the attention
16 of private enterprise to opportunities for investment and
17 development in underdeveloped areas.

18 “(f) The reports required by section 518 of this Act
19 shall include detailed information on the implementation of
20 this section.”

21 (m) Section 519 (a) is amended by adding immedi-
22 ately after the phrase “may be advanced” the words “out
23 of funds made available for assistance under section 503 of
24 this Act”.

1 (n) Add the following new sections:

2 "EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

3 "SEC. 532. The provisions of section 119 of the Eco-
4 nomic Cooperation Act of 1948, as amended (22 U. S. C.
5 1517), shall apply to the performance of functions authorized
6 by this Act.

7 "EMPLOYMENT OF RETIRED OFFICERS OF
8 ARMED FORCES

9 "SEC. 533. Notwithstanding section 2 of the Act of
10 July 31, 1894 (5 U. S. C. 62), any retired officer of any
11 of the services mentioned in the Career Compensation Act
12 of 1949 may hold any office or appointment under this Act,
13 and receive compensation in accordance with the provisions
14 of the Act of June 30, 1932 (5 U. S. C. 59a).

15 "MOVEMENT OF MIGRANTS

16 "SEC. 534. In order to encourage further the movement
17 of migrants from European countries having surplus popu-
18 lation, there is hereby authorized to be appropriated to the
19 President \$10,000,000 for use in making contributions for
20 the calendar year 1953 to the Provisional Intergovernmental
21 Committee for the Movement of Migrants from Europe
22 established at Brussels, Belgium, on December 5, 1951:
23 *Provided*, That no part of the funds authorized to be ap-
24 propriated under this section may be used to pay the salary
25 (or expenses) of the Director General of the said Commit-

tee, if such Director General was at any time employed by the United Nations Relief and Rehabilitation Agency or the International Refugee Organization.

“INTERNATIONAL FINANCE CORPORATION

“SEC. 535. In order to increase the participation of private enterprise and investment in developing the resources of the areas in which assistance is authorized by this Act and to mobilize local capital for such development and investment, such amount as may be required, but not to exceed \$100,000,000 of the funds made available for assistance to further military production, economic and technical assistance under the provisions of this Act may be utilized for the purpose of subscribing to the capital of the International Finance Corporation, an affiliate of the International Bank for Reconstruction and Development.

“OCEAN FREIGHT CHARGES ON RELIEF PACKAGES

“SEC. 536. The authority to pay ocean freight charges on shipments of relief supplies and packages under subsection 117 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1515 (c)), shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate: *Provided*, That, not to exceed \$2,800,000 are authorized to be appropriated to the President for the fiscal year 1953 for use in paying ocean freight charges under

1 subsection 117 (e) of the Economic Cooperation Act of
2 1948, as amended.

3 "INVESTMENT AND INFORMATIONAL MEDIA GUARANTIES

4 "SEC. 537. The authority to make investment and infor-
5 mational media guaranties under section 111 (b) (3) of the
6 Economic Cooperation Act of 1948, as amended, shall be
7 fully continued and may be exercised after June 30, 1952,
8 notwithstanding any provision of this Act, by any department
9 or agency of the Government that the President may
10 designate."

11 SEC. 8. The Mutual Defense Assistance Act of 1949, as
12 amended (22 U. S. C. 1571-1604), is further amended as
13 follows:

14 (a) Change the period at the end of the proviso in
15 the first sentence of section 403 (d) to a comma and insert
16 thereafter the words "and after June 30, 1952, by an addi-
17 tional \$200,000,000."

18 (b) Change section 408 (e) to read as follows:

19 "(e) (1) The President may, from time to time, in the
20 interest of achieving standardization of military equipment
21 and in order to provide procurement assistance without cost
22 to the United States, transfer, or enter into contracts for the
23 procurement for transfer of, equipment, materials, or services
24 to: (A) nations eligible for assistance under title I, II, III,
25 or IV of the Mutual Security Act of 1951, or (B) a nation

1 which has joined with the United States in a collective defense
2 and regional arrangement, or ~~(C)~~ any international military
3 organization or headquarters when, in the opinion of the
4 President, such assistance will further the purposes of this
5 Act, or ~~(D)~~ any other national not eligible to join a collective
6 defense and regional arrangement referred to in clause ~~(B)~~
7 above, but whose ability to defend itself or to participate in
8 the defense of the area of which it is a part, is important to
9 the security of the United States: *Provided*, That, prior to
10 the transfer of any equipment, materials, or services to a
11 nation under this clause ~~(D)~~, it shall provide the United
12 States with assurance that such equipment, materials, or
13 services are required for and will be used solely to maintain
14 its internal security, its legitimate self-defense, or to permit
15 it to participate in the defense of the area of which it is a
16 part, or in United Nations collective security arrangements
17 and measures, and that it will not undertake any act of
18 aggression against any other state: *Provided further*, That,
19 in the case of any such transfer, the President shall forthwith
20 notify the Committee on Foreign Relations of the Senate, the
21 Committees on Armed Services of the Senate and of the
22 House of Representatives, and the Committee on Foreign
23 Affairs of the House of Representatives.

24 “~~(2)~~ Whenever equipment or material is transferred
25 from the stocks of, or services are rendered by, any agency,

1 to any nation or international organization as provided in
2 paragraph (1) above; such nation or international organ-
3 ization shall first make available the fair value, as determined
4 by the President, of such equipment, materials, or services
5 before delivery or, when the President determines it to be
6 in the best interests of the United States, within sixty days
7 thereafter. The fair value for the purpose of this paragraph
8 shall not be less for the various categories of equipment
9 or materials than the value as defined in subsection (c) of
10 section 403: *Provided*, That with respect to excess equip-
11 ment or materials the fair value may not be determined to
12 be less than the value specified in paragraph (1) of that
13 subsection plus (a) 10 per centum of the original gross cost
14 of such equipment or materials; (b) the scrap value; or
15 (c) the market value, if ascertainable, whichever is the
16 greater. Before a contract is entered into, or rehabilitation
17 work is undertaken, such nation shall (A) provide the
18 United States with a dependable undertaking to pay the full
19 amount of such contract or the cost of such rehabilitation
20 which will assure the United States against any loss on the
21 contract, or rehabilitation work, and (B) shall make funds
22 available in such amounts and at such times as may be
23 necessary to meet the payments required by the contract
24 or the rehabilitation work in advance of the time such pay-
25 ments are due, in addition to the estimated amount of any

1 damages and costs that may accrue from the cancellation of
 2 such contract or rehabilitation work: *Provided*, That the
 3 total amount of outstanding contracts under this subsection,
 4 less the amounts which have been paid the United States
 5 by such nations, shall at no time exceed \$700,000,000."

6 SEC. 9. (a) The second proviso in section 115 (b) (6)
 7 of the Economic Cooperation Act of 1948, as amended, is
 8 amended (1) by inserting "from" after "That" and (2) by
 9 striking out after "(Public Law 389, Eightieth Congress)"
 10 the words "shall be used" and inserting in lieu thereof the
 11 following: "there shall be allocated to the use of the United
 12 States Government whatever sums are necessary to meet
 13 United States expenditures for materials required by the
 14 United States as a result of deficiencies or potential defi-
 15 ciencies in its own resources: *Provided further*, That any
 16 deposit balance remaining in such account shall be used".

17 (b) Section 115 (b) (6) of the Economic Cooperation
 18 Act of 1948, as amended, is further amended by adding
 19 at the end thereof the following: "The Administrator shall
 20 exercise the power granted to him by this paragraph to make
 21 agreements with respect to the use of funds deposited in the
 22 special accounts of 'participating countries' (as defined in
 23 section 103 (a) hereof) and any other countries receiving
 24 assistance under the Mutual Security Act of 1951, as
 25 amended, in such a manner that the equivalent of not less

1 than \$100,000,000 in such funds shall be used exclusively
 2 in programs furthering the objectives of section 516 of the
 3 Mutual Security Act of 1951. The amount to be devoted
 4 from each such special account for such use shall be agreed
 5 upon by the Administrator and the country or countries con-
 6 cerned: *Provided further*, That whenever funds from such
 7 special account are used by a country to make loans all funds
 8 received in repayment of such loans shall be redeposited in
 9 such special account."

10 SEC. 10. The Act for International Development is
 11 amended as follows:

12 (a) Add the following proviso before the period at the
 13 end of subsection 404 (b) as amended: "*Provided further*,
 14 That for the fiscal year 1953 not to exceed \$17,000,000 is
 15 authorized to be appropriated to the President for use in
 16 making contributions under this subsection".

17 (b) Change subsection 413 (a) to read as follows:

18 "(a) The President shall appoint, by and with the
 19 advice and consent of the Senate, an Administrator for
 20 Technical Cooperation, who, under the direction of the
 21 President or such other officer as he may designate pur-
 22 suant to section 412 hereof to exercise the powers con-
 23 ferred upon him by this title, shall be responsible for
 24 planning, implementing, and managing the programs

1 authorized in this title. He shall be compensated at a
 2 rate fixed by the President without regard to the Classi-
 3 fication Act of 1949 but not in excess of \$16,000 per
 4 annum. The President may also appoint, by and with
 5 the advice and consent of the Senate, a Deputy Admin-
 6 istrator for Technical Cooperation who shall perform
 7 such functions as the Administrator shall designate, and
 8 shall be Acting Administrator for Technical Cooperation
 9 during the absence or disability of the Administrator
 10 or in the event of a vacancy in the office of the Admin-
 11 istrator. The Deputy Administrator shall receive com-
 12 pensation at a rate fixed by the President without regard
 13 to the Classification Act of 1949 but not in excess of
 14 \$15,000 per annum."

15 SEC. 11. There is hereby authorized to be appropriated
 16 to the President not to exceed \$12,000,000 to enable him to
 17 make contributions to the United Nations International Chil-
 18 dren's Emergency Fund; this authority to become imme-
 19 diately available and to extend through December 31, 1953:
 20 *Provided*, That the contributions shall be made in such a
 21 manner as to give assurance that they will not exceed 33½
 22 per centum of contributions from all governments, including
 23 contributions made by governments for the benefit of persons
 24 located within territories under their control: *Provided*

1 ~~further, That none of the funds authorized shall be used in~~
2 ~~duplication of the activities of other agencies of the United~~
3 ~~Nations.~~

4 *That this Act may be cited as the "Mutual Security Act*
5 *of 1952".*

6 *SEC. 2. Section 2 of the Mutual Security Act of 1951*
7 *is amended by inserting "(a)" after the section number and*
8 *by adding at the end thereof a new subsection as follows:*

9 *"(b) The Congress welcomes the recent progress in*
10 *political federation, military integration, and economic uni-*
11 *fication in Europe and reaffirms its belief in the necessity of*
12 *further vigorous efforts toward these ends as a means of*
13 *building strength, establishing security, and preserving peace*
14 *in the North Atlantic area. In order to provide further*
15 *encouragement to such efforts, the Congress believes it es-*
16 *sential that this Act should be so administered as to support*
17 *concrete measures for political federation, military integra-*
18 *tion, and economic unification in Europe. Appropriations*
19 *made pursuant to paragraphs 101 (a) (1), relating to*
20 *military assistance, and 101 (a) (2), relating to defense*
21 *support and economic assistance, of this Act may be used,*
22 *pursuant to the applicable terms and conditions of the Mutual*
23 *Defense Assistance Act of 1949, as amended, and the Eco-*
24 *nomic Cooperation Act of 1948, as amended (22 U. S. C.*
25 *1501-1522), respectively, to furnish assistance (including,*

1 in the case of amounts available pursuant to paragraph 101
 2 (a) (2), transfers of funds) to any of the following organ-
 3 izations: (a) The North Atlantic Treaty Organization, (b)
 4 the European Coal and Steel Community, (c) the organ-
 5 ization which may evolve from current international discus-
 6 sions concerning a European defense community.”

7 SEC. 3. Title I (relating to Europe) of the Mutual Se-
 8 curity Act of 1951 is amended as follows:

9 (a) In paragraph 101 (a) (1), insert “, for Spain,”
 10 after “parties to the North Atlantic Treaty”.

11 (b) At the end of section 101 (a) (1), which relates
 12 to military assistance for Europe, add the following new
 13 sentence: “There is hereby authorized to be appro-
 14 priated to the President for the fiscal year 1953 not to
 15 exceed \$3,515,229,500, for assistance pursuant to the pro-
 16 visions of the Mutual Defense Assistance Act of 1949, as
 17 amended (22 U. S. C. 1571-1604) to countries eligible for
 18 assistance under this paragraph; and in addition unexpended
 19 balances of any appropriations heretofore made pursuant
 20 to this paragraph are authorized to be continued available
 21 for their original purposes through June 30, 1953, and to
 22 be consolidated with the appropriation hereby authorized.”

23 (c) At the end of section 101 (a) (2), which relates
 24 to defense support and economic assistance for Europe, add
 25 the following new sentence: “There is hereby authorized to

1 *be appropriated to the President for the fiscal year 1953 not*
 2 *to exceed \$1,542,866,000, to carry out the purposes and*
 3 *provisions of this paragraph; and in addition unexpended*
 4 *balances of appropriations heretofore made pursuant to this*
 5 *paragraph are authorized to be continued available for their*
 6 *original purposes through June 30, 1953, and to be con-*
 7 *solidated with the appropriation hereby authorized."*

8 *(d) At the end of section 101, add the following new*
 9 *subsection:*

10 *"(c) Not less than \$25,000,000 of the funds made avail-*
 11 *able under authority of subsections (a) and (b) of this*
 12 *section shall be used for economic, technical, and military*
 13 *assistance to Spain in accordance with the provisions of this*
 14 *Act. Unexpended balances of appropriations made avail-*
 15 *able for assistance to Spain pursuant to this section by the*
 16 *Act of October 31, 1951 (Public Law 249, Eighty-second*
 17 *Congress), are authorized to be continued available until*
 18 *June 30, 1953."*

19 *SEC. 4. Title II (relating to the Near East and Africa)*
 20 *of the Mutual Security Act of 1951 is amended as follows:*

21 *(a) At the end of section 201, which relates to military*
 22 *assistance for the Near East area, add the following new*
 23 *sentence: "There is hereby authorized to be appropriated to*
 24 *the President for the fiscal year 1953 not to exceed \$514,-*
 25 *263,000, to carry out the purposes and provisions of this*

1 section; and in addition unexpended balances of any appro-
2 priations heretofore made pursuant to this section are author-
3 ized to be continued available for their original purposes
4 through June 30, 1953, and to be consolidated with the
5 appropriation hereby authorized."

6 (b) At the end of section 203, which relates to economic
7 and technical assistance for the Near East and Africa, add
8 the following new sentence: "There is hereby authorized to
9 be appropriated to the President for the fiscal year 1953 not
10 to exceed \$46,645,500, to carry out the purposes and provi-
11 sions of this section; and in addition unexpended balances
12 of any appropriations heretofore made pursuant to this sec-
13 tion are authorized to be continued available for their origi-
14 nal purposes through June 30, 1953, and to be consoli-
15 dated with the appropriation hereby authorized."

16 (c) After section 205 add the following new section:
17 "SEC. 206. In addition to the amounts authorized by
18 section 203, there is hereby authorized to be appropriated not
19 to exceed \$55,126,500 for carrying out the purposes and
20 provisions of section 204 of this Act, relating to Palestine
21 refugees, during the fiscal year 1953; and not to exceed
22 \$64,456,000 for carrying out the purposes and provisions
23 of section 205 of this Act, relating to refugees in Israel, dur-
24 ing the fiscal year 1953: Provided, That amounts appro-
25 priated pursuant to this section which the President finds can-

1 not be effectively expended to carry out the purposes and pro-
2 visions of sections 204 and 205 may be transferred to and
3 merged with the appropriations authorized by section 203."

4 SEC. 5. Title III (relating to Asia and the Pacific) of
5 the Mutual Security Act of 1951 is amended as follows:

6 (a) At the end of section 301, which relates to military
7 assistance for Asia and the Pacific, add the following new
8 sentence: "There is hereby authorized to be appropriated
9 to the President for the fiscal year 1953 not to exceed
10 \$518,385,000, to carry out the purposes and provisions
11 of this section; and in addition unexpended balances of any
12 appropriations heretofore made pursuant to this section are
13 hereby authorized to be continued available for their original
14 purposes through June 30, 1953, and to be consolidated
15 with the appropriation hereby authorized."

16 (b) At the end of section 302 (a), which relates to
17 economic and technical assistance for Asia and the Pacific,
18 add the following new sentence: "There is hereby author-
19 ized to be appropriated to the President for the fiscal year
20 1953 not to exceed \$346,025,000, to carry out the purposes
21 and provisions of this subsection; and in addition unexpended
22 balances of any appropriations heretofore made pursuant to
23 this subsection are hereby authorized to be continued avail-
24 able for their original purposes through June 30, 1953, and
25 to be consolidated with the appropriation hereby authorized.

1 *Appropriations made pursuant to this subsection may be used*
 2 *without being limited by section 503 of this Act, the section*
 3 *which limits economic assistance to that necessary to carry*
 4 *out mutual defense programs.”*

5 *(c) At the end of section 302 (b), concerning Chinese*
 6 *and Korean students in the United States, add the following*
 7 *new sentence: “Unexpended balances of allocations hereto-*
 8 *fore made to the Secretary of State pursuant to that proviso*
 9 *shall be continued available until expended.”*

10 *(d) In the first sentence of section 303 (a), authorizing*
 11 *the appropriation of \$45,000,000 for Korean relief, after the*
 12 *words “to be appropriated to the President” insert the words*
 13 *“for the fiscal year 1953”.*

14 *(e) In the second sentence of section 303 (a) strike out*
 15 *“1952” and insert “1953”.*

16 *(f) Immediately before the last sentence of section 303.*
 17 *(a) insert the following: “In addition, the United States*
 18 *Department of the Army is hereby authorized to make avail-*
 19 *able to the United Nations Korean Reconstruction Agency,*
 20 *at the time when that agency assumes full responsibility for*
 21 *relief and rehabilitation in Korea, goods and services of a*
 22 *value not to exceed \$67,500,000 which the Department of*
 23 *the Army then has on hand or on order for civilian relief in*
 24 *Korea and which the President determines should be con-*
 25 *tributed by the United States to the United Nations Korean*

1 *Reconstruction Agency for use in its relief and rehabilitation*
2 *operations in Korea. The value of goods and services made*
3 *available pursuant to the preceding sentence shall be credited*
4 *toward the contribution to be made by the United States to*
5 *the United Nations Korean Reconstruction Agency."*

6 (g) *The last sentence of section 303 (b), which pro-*
7 *vides for reduction in United States contributions to Korean*
8 *relief by the amounts made available by United States*
9 *agencies, is hereby repealed.*

10 SEC. 6. *Title IV (relating to Latin America) of the*
11 *Mutual Security Act of 1951 is amended by adding the*
12 *following new section:*

13 "SEC. 403. *In addition to the amounts heretofore author-*
14 *ized and appropriated, there are hereby authorized to be*
15 *appropriated to the President for the fiscal year 1953 not*
16 *to exceed \$52,971,500 to carry out the purposes and pro-*
17 *visions of section 401, which relates to military assistance*
18 *for Latin America, and not to exceed \$18,658,000 to carry*
19 *out the purposes and provisions of section 402, which relates*
20 *to technical assistance for Latin America. In addition, unex-*
21 *pendable balances of the appropriation heretofore made pur-*
22 *suant to each such section are authorized to be continued*
23 *available for their original purposes through June 30, 1953,*
24 *and to be consolidated with the applicable appropriation*
25 *authorized by this section."*

1 *SEC. 7. Title V (relating to organization) of the Mutual*
2 *Security Act of 1951 is amended as follows:*

3 *(a) Section 514, which authorizes the use of \$55,000,-*
4 *000 for strategic materials, and section 522, which requires*
5 *that at least 10 per centum of the funds for aid pursuant to*
6 *the Economic Cooperation Act of 1948, as amended, be in*
7 *the form of loans, are hereby repealed.*

8 *(b) In section 519 (a), which permits the limited use*
9 *of economic and technical assistance funds for the Near East,*
10 *Africa, Asia, and the Pacific to acquire local currency, im-*
11 *mediately after the words "may be advanced", insert the*
12 *words "out of funds made available for assistance under the*
13 *Economic Cooperation Act".*

14 *(c) After section 531 add the following new sections:*

15 *"SEC. 532. The provisions of section 119 of the Eco-*
16 *nomie Cooperation Act of 1948, as amended (22 U. S. C.*
17 *1517), which concern exemption from contract and account-*
18 *ing laws, shall apply to the performance of functions*
19 *authorized by this Act.*

20 *"SEC. 533 (a) Notwithstanding section 2 of the Act of*
21 *July 31, 1894 (5 U. S. C. 62), which prohibits certain*
22 *retired officers from holding certain office, any retired officer*
23 *of any of the services mentioned in title 37 of the United*
24 *States Code may hold any office or appointment under this*
25 *Act or the Mutual Defense Assistance Control Act of 1951,*

1 but the compensation of any such retired officer shall be
2 subject to the provisions of the Act of June 30, 1932 (5
3 U. S. C. 59a), which does not permit retired pay to be
4 added to the compensation received as a civilian officer.

5 “(b) Officers of the United States Public Health Service
6 and officers of the Coast and Geodetic Survey, who are
7 assigned for duty under this Act outside the continental
8 limits of the United States, may receive the allowances and
9 benefits provided for officers in the Foreign Service Reserve
10 or Staff by the Foreign Service Act of 1946, as amended
11 (22 U. S. C. 801-1204), and may also receive salary
12 differentials as provided in that Act computed on their basic
13 pay under the Career Compensation Act of 1949, as amended
14 (37 U. S. C. 231-320); and, in addition to any quarters
15 furnished them by the Government, such officers may receive,
16 during the period of their assignment for duty outside the
17 continental limits of the United States, the allowance payable
18 under section 302 (f) of the Career Compensation Act of
19 1949, as amended (37 U. S. C. 252 (f)).

20 “SEC. 534. In order to encourage further the move-
21 ment of migrants from European countries having surplus
22 population, there is hereby authorized to be appropriated to
23 the President \$8,481,000 for use in making contributions
24 for the calendar year 1953 to the Provisional Intergovern-
25 mental Committee for the Movement of Migrants from

1 *Europe established at Brussels, Belgium, on December 5,*
2 *1951, or to any successor organization.*

3 “SEC. 535. *The authority to pay ocean freight charges*
4 *on shipments of relief supplies and packages under sec-*
5 *tion 117 (c) of the Economic Cooperation Act of 1948, as*
6 *amended (22 U. S. C. 1515 (c)), shall be continued and*
7 *may be exercised after June 30, 1952, by any department or*
8 *agency of the Government that the President may desig-*
9 *minate: Provided, That this authority shall hereafter also be*
10 *applicable to relief shipments by voluntary nonprofit relief*
11 *agencies registered with and approved by the Advisory Com-*
12 *mittee on Voluntary Foreign Aid to any country eligible for*
13 *economic or technical assistance under this Act: And pro-*
14 *vided further, That not to exceed \$2,375,000 are authorized*
15 *to be appropriated to the President for the fiscal year 1953*
16 *for use in paying ocean freight charges under section 117*
17 *(c) of the Economic Cooperation Act of 1948, as amended.*

18 “SEC. 536. *The authority to make informational media*
19 *guaranties under section 111 (b) (3) of the Economic*
20 *Cooperation Act of 1948, as amended, shall be continued*
21 *and may be exercised after June 30, 1952, by any de-*
22 *partment or agency of the Government that the President*
23 *may designate.*

24 “SEC. 537. *None of the funds herein authorized to be*
25 *appropriated nor any counterpart funds shall be used to pay*

1 for personal services or printing, or for other expenses of the
2 dissemination within the United States of general propaganda
3 in support of the mutual security program, or to pay the
4 travel or other expenses outside the United States of any
5 citizen or group of citizens of the United States for the
6 purpose of publicizing such program within the United States.

7 "SEC. 538. Whenever a commodity authorized for pro-
8 curement outside the United States under this Act is under
9 either domestic allocation or price controls in the United
10 States, it shall be so procured by General Services Adminis-
11 tration, or such other agency of the Government as the Presi-
12 dent may designate for such purpose, and furnished to the
13 recipient country as a commodity in lieu of dollar grants for
14 their own procurement.

15 "SEC. 539. (a) Insofar as practicable and to the maxi-
16 mum extent consistent with the accomplishment of the purposes
17 of this Act, the Director for Mutual Security shall assist
18 American small business to participate equitably in the fur-
19 nishing of commodities and services financed with funds au-
20 thorized under this Act (other than funds authorized to
21 carry out the provisions of the Mutual Defense Assistance
22 Act of 1949, as amended) by making available or causing to
23 be made available to suppliers in the United States and par-
24 ticularly to small independent enterprises, information, as
25 far in advance as possible, with respect to purchases proposed

1 to be financed with funds authorized under this Act (other
2 than funds authorized to carry out the provisions of the
3 Mutual Defense Assistance Act of 1949, as amended), by
4 making available or causing to be made available to prospec-
5 tive purchasers in the countries receiving assistance under
6 this Act information as to commodities and services produced
7 by small independent enterprises in the United States, and by
8 offering additional services to give small business better op-
9 portunities to participate in the furnishing of commodities
10 and services financed with such funds.

11 “(b) There shall be transferred to the Office of the Di-
12 rector for Mutual Security the Office of Small Business of
13 the Mutual Security Agency headed by the Special Assistant
14 for Small Business to carry out the provisions of subsection
15 (a). Each report transmitted to the Congress under section
16 518 shall include a report of all activities under this section.
17 The Technical Cooperation Administration shall adopt the
18 procedure of notifying American business, particularly small
19 independent enterprises, of procurement and other informa-
20 tion as far in advance as possible through the facilities of
21 the Mutual Security Agency. The Secretary of Defense
22 shall assure that there is made available to suppliers in the
23 United States, and particularly to small independent enter-
24 prises, information with respect to purchases made by the
25 Department of Defense pursuant to the provisions of the

1 *Mutual Defense Assistance Act of 1949, as amended, such*
2 *information to be furnished as far in advance as possible.*

3 “(c) Section 112 (i) of the *Economic Cooperation Act*
4 *of 1948, as amended, is hereby repealed.*”

5 *SEC. 8. Section 115 of the Economic Cooperation Act,*
6 *as amended, is amended by adding at the end thereof a new*
7 *subsection as follows:*

8 “(k) of the funds appropriated pursuant to section 101
9 (a) (2) of the *Mutual Security Act of 1951, as amended,*
10 (1) \$150,000,000 shall, to the maximum extent practicable
11 consistent with the accomplishment of the policies and pur-
12 poses of the *Mutual Security Act of 1951, as amended, be*
13 *expended in such manner and subject to such agreements as*
14 *may be necessary to assure that the amounts of local cur-*
15 *rencies deposited under subsection (b) (6) as a result of*
16 *such expenditure shall be used exclusively, in accordance with*
17 *principles developed by the Administrator, to establish revolv-*
18 *ing funds in the respective countries, which shall be available*
19 *for making loans and otherwise carrying out programs in*
20 *furtherance of the objectives of section 516 of the Mutual*
21 *Security Act of 1951, with a view to stimulating free enter-*
22 *prise and the expansion of the economies of those countries*
23 *with equitable sharing of the benefits of increased production*
24 *and productivity between consumer, workers, and owners; and*
25 (2) the Director for Mutual Security is authorized to transfer

1 not exceeding \$2,500,000 to the Organization for European
2 Economic Cooperation, to be used on terms and conditions to
3 be specified by the Director in order to promote the objectives
4 of section 516 of the Mutual Security Act of 1951, as
5 amended."

6 "SEC. 9. The Mutual Defense Assistance Act of 1949, as
7 amended (22 U. S. C. 1571-1604), is further amended as
8 follows:

9 (a) Before the period at the end of the proviso in the
10 first sentence of section 403 (d), which authorizes the fur-
11 nishing of \$1,000,000,000 worth of excess equipment to for-
12 eign nations, insert a comma and the words "and after
13 June 30, 1952, by an additional \$200,000,000".

14 (b) Change section 408 (e), concerning reimbursable
15 aid, to read as follows:

16 "(e) (1) The President may, from time to time, in the
17 interest of achieving standardization of military equipment
18 and in order to provide procurement assistance without cost
19 to the United States, transfer, or enter into contracts for
20 the procurement for transfer of, equipment, materials or serv-
21 ices to: (A) nations eligible for assistance under title I, II,
22 III, or IV of the Mutual Security Act of 1951; (B) a na-
23 tion which has joined with the United States in a collective
24 defense and regional arrangement; (C) any international
25 military organization or headquarters if, in the opinion

1 of the President, such assistance will further the purposes of
2 this Act; or (D) any other nation not eligible to join a col-
3 lective defense and regional arrangement referred to in clause
4 (B) above, but whose ability to defend itself or to partici-
5 pate in the defense of the area of which it is a part, is
6 important to the security of the United States: Provided,
7 That, prior to the transfer of any equipment, materials, or
8 services to a nation under this clause (D), it shall provide
9 the United States with assurance that such equipment, ma-
10 terials, or services are required for and will be used solely
11 to maintain its internal security, its legitimate self-defense,
12 or to permit it to participate in the defense of the area of
13 which it is a part, or in the United Nations collective security
14 arrangements and measures, and that it will not undertake
15 any act of aggression against any other state: Provided fur-
16 ther, That, in the case of any such transfer, the President
17 shall forthwith notify the Committee on Foreign Relations
18 of the Senate, the Committees on Armed Services of the
19 Senate and of the House of Representatives, and the Com-
20 mittee on Foreign Affairs of the House of Representatives.

21 “(2) Whenever equipment or material is transferred
22 from the stocks of, or services are rendered by any agency,
23 to any nation or international organization as provided in
24 paragraph (1) above, such nation or international organi-
25 zation shall first make available the fair value, as deter-

1 mined by the President, of such equipment, materials, or
2 services before delivery or, when the President determines
3 it to be in the best interests of the United States, within
4 sixty days thereafter. The fair value for the purpose of this
5 paragraph shall not be less for the various categories of
6 equipment or materials than the value as defined in subsec-
7 tion (c) of section 403: Provided, That with respect to
8 excess equipment or materials the fair value may not be
9 determined to be less than the value specified in paragraph
10 1 of that subsection plus (a) 10 per centum of the original
11 gross cost of such equipment or materials; (b) the scrap
12 value; or (c) the market value, if ascertainable, whichever
13 is the greater. Before a contract is entered into, or rehabili-
14 tation work is undertaken, such nation shall (A) provide
15 the United States with a dependable undertaking to pay
16 the full amount of such contract or the cost of such re-
17 habilitation which will assure the United States against
18 any loss on the contract, or rehabilitation work, and (B)
19 shall make funds available in such amounts and at such
20 times as may be necessary to meet the payments required
21 by the contract or the rehabilitation work in advance of the
22 time such payments are due, in addition to the estimated
23 amount of any damages and costs that may accrue from the
24 cancellation of such contract or rehabilitation work: Pro-
25 vided, That the total amount of outstanding contracts under

1 this subsection, less the amounts which have been paid the
2 United States by such nations, shall at no time exceed
3 \$700,000,000..

4 “(3) The provisions of section 409 of this Act shall
5 not apply to equipment, materials, and commodities made
6 available under this subsection.”

7 SEC. 10. The Act for International Development is
8 amended as follows:

9 (a) At the end of section 404 (b), as amended, which
10 relates to contributions of not to exceed \$13,000,000 for
11 1952 to international organizations for technical cooperation
12 programs, add the following proviso: “Provided further,
13 That for the fiscal year 1953 not to exceed \$14,417,500 is
14 authorized to be appropriated to the President for use in
15 making contributions under this subsection.”

16 (b) Change section 413 (a) thereof, which concerns
17 the appointment of the Administrator of the Technical Co-
18 operation Administration at a salary of \$15,000, to read
19 as follows:

20 “(a) The President shall appoint, by and with the advice
21 and consent of the Senate, an Administrator for Technical
22 Cooperation, who, under the direction of the President or
23 such other officer as he may designate pursuant to section
24 412 hereof to exercise the powers conferred upon him by
25 this title, shall be responsible for planning, implementing,

1 and managing the programs authorized in this title. He shall
 2 be compensated at a rate fixed by the President without re-
 3 gard to the Classification Act of 1949 but not in excess of
 4 \$16,000 per annum. The President may also appoint, by
 5 and with the advice and consent of the Senate, a Deputy
 6 Administrator for Technical Cooperation who shall perform
 7 such functions as the Administrator shall designate, and shall
 8 be Acting Administrator for Technical Cooperation during
 9 the absence or disability of the Administrator or in the event
 10 of a vacancy in the office of the Administrator. The Deputy
 11 Administrator shall receive compensation at a rate fixed by
 12 the President without regard to the Classification Act of
 13 1949 but not in excess of \$15,000 per annum."

14 SEC. 11. Section 32 (b) (2) of the Surplus Property
 15 Act of 1944, as amended (50 App. U. S. C. 1641), is
 16 amended by striking out in the first sentence thereof
 17 "acquired as a result of such surplus property disposals,"
 18 and inserting in lieu thereof "held or available for expenditure
 19 by the United States or any agency thereof (or deposited
 20 pursuant to agreements entered into pursuant to section 115
 21 (b) (6) and 115 (h) of the Economic Cooperation Act
 22 of 1948, as amended), and not required by law or agree-
 23 ment with such government to be expended or used for any
 24 other purpose,".

25 SEC. 12. There is hereby authorized to be appropriated

1 to the President not to exceed \$20,962,000 to enable him to
2 make contributions to the United Nations International
3 Children's Emergency Fund until June 30, 1953, in such
4 manner and on such terms and conditions as he may deem to
5 be in the interests of the United States to support inter-
6 national children's welfare work.

7 SEC. 13. (a) No economic, financial, or military assist-
8 ance shall be provided out of any funds heretofore or here-
9 after appropriated to carry out the purposes of any Act to
10 provide economic, financial, or military assistance to foreign
11 countries, to any country which exports or knowingly permits
12 the exportation of, to the Union of Soviet Socialist Republics
13 or any of its satellite countries (including Communist China
14 and Communist North Korea), arms, armament, or military
15 matériel or articles or commodities (1) which the Secretary
16 of Defense shall have certified to the head of the agency
17 administering the program under which such assistance is
18 extended are likely to be used in the manufacture of arms,
19 armament, or military matériel, or (2) shipment of which
20 to the Soviet bloc is embargoed, or would be refused export
21 licenses, by the United States in the interest of national
22 security; and the Secretary of Defense is hereby authorized
23 and directed to make such certification with respect to any
24 article or commodity of the nature or class described.
25 (b) After the forty-fifth day following the date of

1 enactment of this Act, no country shall be eligible for eco-
2 nomic, financial, or military assistance under any Act pro-
3 viding economic, financial, or military assistance to foreign
4 countries, unless within thirty days prior to the date on which
5 such assistance is to be provided such country shall have
6 certified to the United States that it has not, subsequent
7 to the fifteenth day following the date of enactment of this
8 Act, exported, or knowingly permitted the exportation of,
9 arms, armament, military matériel, articles, or commodities,
10 which are subject to the provisions of subsection (a) to
11 any of the countries referred to in such provisions: Pro-
12 vided, That such certification shall not relieve the Director
13 for Mutual Security or any other officer of the United
14 States Government of responsibility for enforcing the fore-
15 going provisions of this section.

16 (c) The Mutual Defense Assistance Control Act of
17 1951 is repealed effective on the forty-fifth day following
18 the date of enactment of this Act.

19 SEC. 14. Except as otherwise provided by this Act, all
20 counterpart funds of local currencies created by section 115
21 (b) 6 of the Economic Cooperation Act of 1948, as amended,
22 and by Acts supplementary or amendatory thereto shall be
23 expended only on such projects of military assistance or
24 defense support projects for which new funds authorized by
25 this Act would themselves be available. Officials charged with

1 the administration of this Act and with authority to approve
2 withdrawals from the counterpart funds shall certify to com-
3 pliance with the requirements of this section when such with-
4 draws are proposed for their approval.

Passed the House of Representatives May 23, 1952.

Attest:

RALPH R. ROBERTS,

Clerk.

Passed the Senate with an amendment May 28, 1952.

Attest:

LESLIE L. BIFFLE,

Secretary.

82^D CONGRESS
2^D SESSION

H. R. 7005

AN ACT

To amend the Mutual Security Act of 1951,
and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 28, 1952

Ordered to be printed with the amendment of the Senate

Eight of these eleven men who followed Baranczak in his dare-devil feat have already been given permanent asylum in our neighboring country of Canada.

Another of these four cases is that of a young man named Romuald Sacewicz—a hero of World War II and an escapee from the Polish merchant marine who came to this country via Great Britain, also as a stowaway. This young man's record, too, is dotted with heroism. He jumped ship in England and described vividly to the press of that country the treatment accorded to Poles and others in slave labor camps and gave the world another insight into the specific cruelties of Soviet tyranny.

The other two cases—that of Kazimierz Kiraga and Jozef Maciejewski—are less spectacular but equally deserving. I hope that these bills will pass and that their passage will give further evidence to the slave world that the United States is indeed the home of freedom.

There being no objection, the bills were received, read twice by their titles, and referred to the Committee on the Judiciary, as follows:

S. 3251. A bill for the relief of Henry Baranczak;

S. 3252. A bill for the relief of Romuald Sacewicz;

S. 3253. A bill for the relief of Kazimierz Kiraga; and

S. 3254. A bill for the relief of Jozef Maciejewski.

AMENDMENT OF RULE RELATING TO INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

Mr. LEHMAN submitted the following concurrent resolution (S. Con. Res. 79), which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That subsection 1 of rule XIV of the Standing Rules of the Senate is amended to read as follows:

"1. (a) Whenever a bill or joint resolution shall be offered, its introduction shall, if objected to, be postponed for 1 day.

"(b) Any bill or joint resolution introduced in the Senate repealing or amending any statute or part thereof shall consist of a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by brackets or capital letters or other appropriate typographical devices as shall be determined by the Joint Committee on Printing the omissions and insertions proposed to be made."

Sec. 2. Subsection 3 of rule XXII of the Rules of the House of Representatives is amended to read as follows:

"3. (a) All other bills, memorials, and resolutions may, in like manner, be delivered, indorsed with the names of Members introducing them, to the Speaker, to be by him referred, and the titles and references thereof and of all bills, resolutions, and documents referred under the rules shall be entered on the Journal and printed in the Record of the next day, and correction in case of error of reference may be made by the House without debate, in accordance with rule XI, on any day immediately after the reading of the Journal, by unanimous consent, or on motion of a committee claiming jurisdiction, or on the report of the com-

mittee to which the bill has been erroneously referred.

"(b) Any bill or joint resolution introduced in the House of Representatives repealing or amending any statute or part thereof shall consist of a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by brackets or capital letters or other appropriate typographical devices as shall be determined by the Joint Committee on Printing the omissions and insertions proposed to be made."

PRINTING OF DOCUMENT ENTITLED "COMMUNIST DOMINATION OF CERTAIN UNIONS"

Mr. HUMPHREY submitted the following resolution (S. Res. 323), which was referred to the Committee on Rules and Administration:

Resolved, That there be printed for the use of the Subcommittee on Labor and Labor-Management Relations 1,600 additional copies of parts II, III, and IV of the committee print and Senate Document No. 89, Eighty-second Congress, first session, all entitled "Communist Domination of Certain Unions."

ADDITIONAL EXPENDITURES BY THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. JOHNSTON of South Carolina submitted the following resolution (S. Res. 322), which was referred to the Committee on Rules and Administration:

Resolved, That the Committee on Post Office and Civil Service hereby is authorized to expend from the contingent fund of the Senate, during the Eighty-second Congress, \$10,000 in addition to the amount, and for the same purposes, specified in section 134 (a) of the Legislative Reorganization Act approved August 2, 1946.

APPROPRIATIONS FOR CIVIL FUNCTIONS ADMINISTERED BY DEPARTMENT OF ARMY—AMENDMENT

Mr. HENDRICKSON submitted an amendment intended to be proposed by him to the bill (H. R. 7268) making appropriations for civil functions administered by the Department of the Army for the fiscal year ending June 30, 1953, and for other purposes, which was referred to the Committee on Appropriations and ordered to be printed.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1952—AMENDMENTS

Mr. IVES submitted amendments intended to be proposed by him to the bill (S. 2594) to extend the provisions of the Defense Production Act of 1950, as amended, and the Housing and Rent Act of 1947, as amended, which were ordered to lie on the table and to be printed.

Mr. BRICKER submitted amendments intended to be proposed by him to Senate bill 2594, supra, which were ordered to lie on the table and to be printed.

Mr. CAPEHART submitted amendments intended to be proposed by him to Senate bill 2594, supra, which were

ordered to lie on the table and to be printed.

Mr. SCHOEPEL submitted amendments intended to be proposed by him to Senate bill 2594, supra, which were ordered to lie on the table and to be printed.

NOTICES OF MOTIONS TO SUSPEND THE RULE—AMENDMENTS TO EXECUTIVE AND INDEPENDENT OFFICES APPROPRIATION BILL

Mr. MAYBANK submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 7072) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1953, and for other purposes, the following amendment, namely: "On page 5, line 2, strike out '619,550' and insert in lieu thereof the following: '\$400,000, and in addition, the Commission is authorized to utilize for carrying out the purposes of this appropriation, without dollar reimbursement from this or any other appropriation, foreign currencies or credits owed to or owned by the Treasury of the United States in an amount not exceeding \$219,550'."

Mr. MAYBANK also submitted an amendment intended to be proposed by him to House bill 7072, making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1953, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

Mr. MAYBANK submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 7072) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1953, and for other purposes, the following amendment, namely: "On page 5, line 19, strike out '\$1,000,000' and insert in lieu thereof the following: '\$500,000, to remain available until expended, and, in addition, the Commission is authorized to utilize for carrying out the purposes of this appropriation, without dollar reimbursement from this or any other appropriation, foreign currencies or credits owed to or owned by the Treasury of the United States in an amount not exceeding \$4,500,000'."

Mr. MAYBANK also submitted an amendment intended to be proposed by him to House bill 7072, making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices for the fiscal year ending June 30, 1953, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

EXECUTIVE REPORTS OF
COMMITTEES

As in executive session,
The following favorable reports of
nominations were submitted:

By Mr. GEORGE, from the Committee on
Finance:

Graydon G. Withey, of Michigan to be a
judge of the Tax Court of the United States,
vice Richard L. Disney, resigned.

By Mr. McCARRAN, from the Committee
on the Judiciary:

Albert William Barlow, of Hawaii, to be
United States attorney for the district of
Hawaii, vice Ray J. O'Brien, resigned.

By Mr. JOHNSON of Colorado, from the
Committee on Interstate and Foreign Com-
merce:

Allen V. Astin, of Maryland, to be Direc-
tor of the National Bureau of Standards.

ADDRESSES, EDITORIALS, ARTICLES,
ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent,
addresses, editorials, articles, etc., were
ordered to be printed in the Appendix, as
follows:

By Mr. BREWSTER:

Address entitled "Maine Development," de-
livered by him over the radio on Sunday
evening, May 11, 1952.

Address broadcast by him on the subject of
tax reduction.

Extract from an address dealing with the
Taft-Hartley Act, delivered by him at Houl-
ton, Maine, May 25, 1952.

By Mr. UNDERWOOD:

Address delivered by Senator CLEMENTS
at the State convention of the Democratic
Party, at Louisville, Ky., on May 27, 1952.

By Mr. SMITH of New Jersey:

Address delivered by him on March 30,
1952, before the Ukrainian Central Commit-
tee of Newark, N. J., and introduction by
Mr. John Romanation.

By Mr. BUTLER of Maryland:

Address delivered by Senator O'CONOR be-
fore the Maryland Bankers' Association Con-
vention, at Atlantic City, N. J., on May 27,
1952.

By Mr. HOLLAND:

Statement, dated May 11, 1952, by Senator
HILL and Senator SPARKMAN in support of
the presidential candidacy of Senator RUS-
SELL.

By Mr. FULBRIGHT:

Article entitled "Fulbright Plan Was Wise
Solution of War Materiel Disposal Abroad,"
written by Roger Swanson, and published
in the Kansas City Star of May 17, 1952.

By Mr. NIXON:

Article entitled "Teacher of the Year,"
published in McCall's magazine, in regard
to the selection of Mrs. Gerry Jones, of
Santa Barbara, Calif., as Teacher of the
Year.

By Mr. WELKER:

Letter from W. L. Snyder, Jerome, Idaho,
to the editor of the Jerome (Idaho) News,
and published in the Jerome News of May 1,
1952.

By Mr. SMATHERS:

Editorial entitled "We Need Sensible
Trimming," published in the Tampa (Fla.)
Tribune of May 26, 1952.

Article entitled "Help Wanted—Congress,"
written by Hanson W. Baldwin, and pub-
lished in a recent issue of the New York
Times.

By Mr. LEHMAN:

Editorial entitled "Human Rights in
Puerto Rico," published in the New York
Times of May 27, 1952.

Translation of editorial on the subject of
immigration and the McCarran bill, pub-

lished in the Polish Daily Zgoda of May 20,
1952.

Sundry letters and telegrams relating to
immigration legislation recently pending be-
fore the Senate.

Statement by Louis H. Pink, entitled
"Agenda for the Future," appearing as fore-
word to annual report to members of Amer-
ican Hospital Service of New York, December
1951.

By Mr. BENTON:

Address delivered by him on Polish Con-
stitution Day, at Hartford, Conn., May 18,
1952.

Tribute to a young Polish-American sailor,
Edward C. Kozlowski, of Bridgeport, Conn.

By Mr. MOODY:

Letter addressed to him by Mrs. Margaret
W. Patterson with reference to mutual se-
curity program.

MUTUAL SECURITY ACT OF 1952

The Senate resumed the consideration
of the bill (S. 3086) to amend the Mutual
Security Act of 1951, and for other pur-
poses.

Mr. McFARLAND. I suggest the ab-
sence of a quorum.

The VICE PRESIDENT. The Secre-
tary will call the roll.

The Chief Clerk called the roll, and
the following Senators answered to their
names:

Aiken	Hayden	Moody
Anderson	Hendrickson	Morse
Bennett	Hennings	Mundt
Benton	Hickenlooper	Neely
Brewster	Hill	Nixon
Bricker	Hoey	O'Mahoney
Bridges	Holland	Pastore
Butler, Md.	Humphrey	Robertson
Butler, Nebr.	Hunt	Russell
Byrd	Ives	Saltonstall
Capewhart	Jenner	Schoeppel
Carlson	Johnson, Tex.	Smathers
Case	Johnston, S. C.	Smith, Maine
Chavez	Kem	Smith, N. J.
Clements	Kilgore	Smith, N. C.
Connally	Lehman	Sparkman
Cordon	Lodge	Stennis
Dirksen	Long	Taft
Douglas	Malone	Thye
Dworshak	Martin	Tobey
Eastland	Maybank	Underwood
Ellender	McCarran	Watkins
Ferguson	McCarthy	Welker
Fear	McFarland	Williams
Fulbright	McKellar	Young
George	Millikin	
Green	Monroney	

Mr. JOHNSON of Texas. I announce
that the Senator from Iowa [Mr. GIL-
LETTE], the Senator from Colorado [Mr.
JOHNSON], the Senator from Tennessee
[Mr. KEFAUVER], the Senator from Okla-
homa [Mr. KERR], the Senator from
Washington [Mr. MAGNUSON], the Sen-
ator from Arkansas [Mr. McCLELLAN],
and the Senator from Maryland [Mr.
O'CONOR] are absent by leave of the
Senate.

The Senator from Connecticut [Mr.
McMAHON] is absent because of illness.

The Senator from Montana [Mr.
MURRAY] is absent by leave of the Senate
on official business, having been appoint-
ed a delegate from the United States to
the International Labor Organization
Conference, which is to meet in Geneva,
Switzerland.

Mr. SALTONSTALL. I announce that
the Senator from Washington [Mr. CAIN]
and the Senator from California [Mr.
KNOWLAND] are absent by leave of the
Senate.

The Senator from Pennsylvania [Mr.
DUFF] and the Senator from Nebraska
[Mr. SEATON] are necessarily absent.

The Senator from Montana [Mr.
ECTON] and the Senator from North Da-
kota [Mr. LANGER] are absent on official
business.

The Senator from Vermont [Mr.
FLANDERS] and the Senator from Wiscon-
sin [Mr. WILEY] are absent by leave of
the Senate for the purpose of attending
the Conference of the International
Council for Christian Leadership at The
Hague.

The VICE PRESIDENT. A quorum is
present.

The question is on agreeing to the
amendment offered by the Senator from
Idaho [Mr. WELKER], for himself and
other Senators, with respect to which
there is a limitation of debate of half
an hour to each side. It is not obliga-
tory that the time be consumed, but it is
available. On this question, the yeas
and nays have been ordered. If any
Senator wishes to debate the amend-
ment, the Senator from Idaho or the
Senator from Texas [Mr. CONNALLY]
must yield time to him.

Mr. WELKER. Mr. President, I have
expressed my views in full heretofore
with respect to the \$1,000,000,000-cut
amendment which failed by 8 votes yes-
terday afternoon. I rise again to say
that the taxpayers of the Nation demand
that the spreading of our money all over
the world under the threat of war must
cease, because it will eventually make us
weaker than those we are attempting to
help.

It has been urged on the floor of the
Senate and in public debate that perhaps
we could take up some of the slack in-
volved in this terrific expenditure by a
cut in the armed services appropriations
in the sum of \$8,000,000,000. I oppose
that policy. I believe that what we need
in this country is a strong Air Force, an
Air Force which is not flying second-
hand or obsolete airplanes. Prime Min-
ister Churchill has told us that the threat
of the atomic bomb is the only threat
that Soviet Russia understands. How
are we to deliver the atomic bomb if we
do not build air power to the point where
it will be the very best? We need a 140-
group Air Force. We need \$30,000,000,-
000 to build such an Air Force. When we
possess such a threat to Soviet Russia,
which understands and appreciates only
military might, then we shall put an end
to her continuous threats, and to the
annual appropriation of billions of dol-
lars for expenditure all over the world.
The startling fact remains that at this
very moment \$12,000,000,000 of mutual
security remain unexpended.

Mr. MALONE. Mr. President, will
the Senator yield?

Mr. WELKER. I am glad to yield for
a question.

Mr. MALONE. With reference to the
\$12,000,000,000 of unexpended funds
which could be available for the con-
struction of airplanes, and considering
the fact that since 1948 the Senate has
been ahead of the President in author-
izing air groups, what would be the
opinion of the distinguished Senator

from Idaho as to why we are so far behind in the matter of air power?

Mr. WELKER. I would say this, Mr. President, in answer to my distinguished friend from Nevada. There has been some misfeasance somewhere. We have been helping our allies all over the world and forgetting our armed might at home.

It is embarrassing that we must fly obsolete planes in Korea today. Think of it: We are flying B-29's in three-plane squadrons. No airman of any rank will say that B-29's in squadrons of three have any protection whatever.

Mr. MALONE. Mr. President, if the Senator will yield further, I should like to ask whether that is the reason we have been losing an average of 4 to 1 in combat airplanes.

Mr. WELKER. Whatever the reason, I say to my friend, it is a dark day for the management of our defense in America. Rather than debate this subject, as we have for the past 2 days, we should establish a joint committee, with membership from the House and the Senate, and attempt, through such a committee, to get some pointed answers as to why at this late hour in the present emergency, which has been an emergency ever since I have been in the Senate, we are still so far behind in air power.

Mr. MALONE. What is the matter with our Armed Services Committee and our Foreign Relations Committee, as well as other committees of the Senate? They are supposed to tell the Senate how we are to fight the war with Russia which they all say is inevitable, or at least indicate is coming.

Mr. WELKER. I will respond to the distinguished Senator from Nevada by saying that I cannot answer for the Committee on Armed Services or the Committee on Foreign Relations. The Senator's inquiry is, indeed, profound. Whether we on the floor of the Senate realize it or not, the people of this country—the taxpayers and the parents who are losing their sons in Korea—are the ones who will require an answer to that question.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. WELKER. I can yield for only one more question.

Mr. MALONE. The junior Senator from Nevada intends to offer an amendment this afternoon which would transfer \$6,000,000,000 from the mutual security program to do exactly what the Senator from Idaho wants done, namely, to catch up on our air power and to be able to control the air any place in Asia or in Europe which is important to our ultimate safety.

Mr. WELKER. I will say to the Senator from Nevada that I shall support his amendment. I believe that air power is the solution to the problem that confronts us at this very moment.

Mr. President, how embarrassing it is for us to learn that England is flying jet transports in commercial aviation, when we are unable to do so.

Mr. MALONE. While we are flying B-29's.

Mr. WELKER. That is correct.

Mr. SCHOEPEL. Mr. President, will the Senator from Idaho yield?

Mr. WELKER. I shall be glad to yield for one question.

Mr. SCHOEPEL. I should like to ask the distinguished Senator, inasmuch as he has made reference to his amendment which called for a cut of a billion dollars, and because we are now considering his amendment which would cut \$500,000,000 from the bill, whether he has read the House committee report on the House mutual security bill? I hold the report in my hand. It is the report on H. R. 7005, the House version of the mutual security bill. I read from page 30 of the report. The heading reads: "Mutual security funds available in 1952, obligations and expenditures to February 29, 1952." Under "Expenditure data" for military assistance, I read:

Total available for expenditure, 1952, \$10,-817,260,805.

Unexpended balance, February 29, 1952, \$9,471,537,373.

Under the heading of "Economic and technical assistance," the expenditure data shows:

Unexpended balance, February 29, 1952, \$11,760,919,050.

Of course, some expenditures are chargeable against those figures at the present time. But, in view of this enormous unexpended balance, does the Senator from Idaho see any justification for seriously believing that the pending bill cannot be cut by half a billion dollars?

Mr. WELKER. I will reply to my distinguished colleague, the senior Senator from Kansas, by saying that I certainly agree with him that there is no reason why the bill cannot be cut by half a billion dollars.

Let me emphasize the point that by the amendment which would cut half a billion dollars from the bill we would be restoring nearly \$225,000,000 which was cut by the House of Representatives last week from this authorization. I believe the House of Representatives carefully studied the subject. They were logical in their arguments and in their action. Inasmuch as the amendment, if adopted, would restore \$225,000,000 of the cut made by the House, I certainly believe that the amendment should be adopted.

I ask unanimous consent, Mr. President, to have printed in the RECORD at this point in my remarks an editorial entitled "We've Heard It Before," published in the leading Idaho newspaper, the Idaho Statesman, of May 24.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WE'VE HEARD IT BEFORE

General Ridgway's name may be added to the list of those in the Dean Acheson circle. The general told Congress this week that current Communist tactics are a monumental warning that the Reds may plan to use gas or germ warfare. The general added that Allied forces are ready for any eventuality.

We assume that the Ridgway message to the Congress was planned to halt the foreign aid fund trimming which is under way. The

House voted this week to cut \$615,000,000 from its \$6,900,000,000 aid for Western Europe. It seems that every time Congress realizes the seriousness of the expenditures for foreign aid, and starts cutting requests, along comes someone in high authority to issue the warning.

The whole Korean situation is nothing short of a serious joke. Reports from there are like a phonograph record. Our leaders follow the same old policy of fear. Nothing is accomplished.

We would like to see someone stand up before the Congress and tell the Nation how to end the Korean fiasco. Anything else is mockery of our war dead.

Mr. CONNALLY. Mr. President, I yield 5 minutes to the junior Senator from Virginia.

Mr. ROBERTSON. Mr. President, the issue before the Senate has given me grave concern. We are confronted with two threats. One threat is on the home front, and is to our fiscal soundness and to our ability to finance successfully all the obligations we are attempting to meet at home. The other threat is the external threat of physical aggression by the combined world forces of communism.

I agree, Mr. President, with the suggestion just made by my distinguished colleague from Idaho that we need to build up our air power. Without knowing a great deal about the technical details as to why the House cut the air power figures as much as it did in the defense appropriation bill, my impression is that the cut was a bit dangerous, and it may be necessary for us to increase that amount.

I regret, however, that I cannot go along with my distinguished colleague from Idaho, who is in effect suggesting that air power alone would be adequate for our future protection. I cannot agree with that suggestion.

In the first place, I am fully convinced that, although material forces alone are not sufficient to preserve the future peace of the world, they can have a restraining influence until we can bring moral force to bear upon the minds of men who undoubtedly, if enlightened, prefer freedom to slavery.

What would be the logical consequence of our cutting foreign aid to the point where it would be inadequate and then relying upon air power? In the first place, our air power would not be effective unless we had bases closer to the source of a potential attack than the continental confines of the United States. Certainly for the protection of ourselves, as well as of our allies in Europe, we need air bases in Great Britain, Africa, Spain—if a suitable agreement can be arranged to put them behind the protection of the Pyrenees—and in France, although France is more likely to be overrun by a land army than the other areas to which I have referred.

I am disturbed over this issue because my finite mind cannot comprehend even \$1,000,000,000, much less the total of this bill.

I cannot say, nor do I believe any other Member of the Senate or any Member of the House can say categorically, down to even a reasonable amount of millions of dollars, what is the

irreducible minimum required to protect our security and to do what we can from a physical standpoint to stay the hand of an aggressor and the prospect of a devastating war which, as H. G. Wells once predicted, would leave mankind cowering behind a windbreak or in the disease-soaked ruins of a slum.

Mr. President, how many persons in Europe would say, "Do not bother about our defenses, and do not bother about bases over here, and do not bother about a land army; but when war starts, send your bombers here and let them start bombing"? Who would be hurt in that event? The cities of Europe and the people living in them would be destroyed by our bombers, while our cities remained relatively secure.

So I say the situation is a serious one, especially in view of the fact that the news items of the last week show that tension has been increasing in Germany since the German leaders agreed to proceed to arm and train 10 divisions as a part of the United Nations forces serving in Western Europe.

Mr. President, as I have said, I do not know just how much aid will be required. All I know is that General Eisenhower said that, in his opinion, a cut of more than \$1,000,000,000 would be too much and would be dangerous, and that the Joint Chiefs of Staff, who planned this program, think that a cut of more than \$1,000,000,000 would be too much.

The VICE PRESIDENT. The time of the Senator from Virginia has expired.

Mr. ROBERTSON. Mr. President, I ask the Senator from Texas, the chairman of the committee, to yield two more minutes to me.

Mr. CONNALLY. I yield two more minutes to the Senator from Virginia.

The VICE PRESIDENT. The Senator from Virginia is recognized for two additional minutes.

Mr. ROBERTSON. Mr. President, the House committee said that a cut of more than \$1,000,000,000 would be too much.

The distinguished Senator from Idaho has said by his amendment we are giving back \$225,000,000 which the House cut from the bill. However, Mr. President, we are not giving back anything on the basis of what the committee which heard the evidence sought to have authorized. The \$225,000,000 figure is arrived at on the basis of the action voted on the floor of the House, but not on the basis of the action taken by the House committee.

On our side of the Capitol, the Senate Foreign Relations Committee has said that a cut of \$1,000,000,000 is enough, and the Senate Armed Forces Committee has said that a cut of \$1,000,000,000 is enough.

Therefore, Mr. President, I shall not vote for the pending amendment to cut the amount of the authorization an additional \$500,000,000. But, in view of the figures which have been presented in regard to unobligated or earmarked carry-over funds and in view of my inability to break down those figures in any concise way on the basis of an irreducible minimum, I must confess that I intend to vote for the next amend-

ment, if the pending amendment is rejected.

In other words, Mr. President, if the pending amendment is rejected, I shall vote for an amendment to reduce the amount of the authorization by \$400,000,000 more. However, I cannot go along with the pending amendment, because I think a cut of \$500,000,000 would be too much.

Mr. McKELLAR. Mr. President, will the Senator from Texas yield to me, so that I may submit a report from the Committee on Appropriations?

Mr. CONNALLY. If the time required for that purpose is not taken from my time, I shall yield.

The VICE PRESIDENT. Any time required for such a purpose will have to be taken out of the time allotted to either side, under the existing order.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the time required to submit the report not be taken from the time allotted to either side.

The VICE PRESIDENT. Under the order, the Chair cannot recognize any Senator unless he is yielded to by either of the Senators having charge of the time.

Mr. CONNALLY. Mr. President, I yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, under the circumstances I withhold the report.

Mr. CONNALLY. Mr. President, at this time I yield 5 minutes to the Senator from California [Mr. NIXON].

The VICE PRESIDENT. The Senator from California is recognized for 5 minutes.

Mr. NIXON. Mr. President, as most Members of the Senate are aware, I seldom speak on the floor of the Senate unless the matter under consideration is one which concerns a committee on which I serve.

In the present instance, I have decided to speak because I find myself in the rather difficult position of being aligned against many Members of the Senate with whom I ordinarily vote on critical issues, and for whose judgment I have great respect.

Mr. President, I shall oppose the amendment which has been offered by my friend and neighbor, the junior Senator from Idaho [Mr. WELKER], and I feel that the reasons for my opposition should be stated. Particularly that is the case since I was impressed, as I am sure many other Members of the Senate were, by the arguments advanced yesterday by the Senator from Illinois [Mr. DOUGLAS] in support of the pending amendment.

I recognize the need for economy during this period. I recognize, as do all Members of this body, that while the struggle in which we are engaged throughout the world is military in character it is also much more than that. The fact that over the past 7 years the Communists have gained, and the free world has lost, 600,000,000 people, without the Russians losing a single soldier in combat is striking proof of the fact that the Communists have developed new tactics and new strategies for aggression

which do not contemplate the use of military force. One of those tactics is the method of internal destruction forcing a nation to destroy itself from within, in its efforts to defend itself from within, in its efforts to defend itself against aggression from without. I realize that we are faced with that danger in the United States.

For that reason, Mr. President, as we recognize the necessity for developing our military strength, both at home and abroad, we must constantly bear in mind the necessity of keeping the economy of the United States sound and strong at home. That is why the vote about to be taken will be a very difficult one for every Member of the Senate. Which shall we put first: the economy of our country, or the necessity of maintaining our military strength and that of our allies at a level sufficiently high to deter military aggression from abroad?

I have reached the conclusion that in the present instance it is necessary to sustain the committee. Speaking from the standpoint of economy we cannot consider the so-called foreign-aid program apart from the military budget. Our military budget of \$55,000,000,000, is about seven times the amount with which we are concerned in connection with the mutual-security bill.

In our consideration of the military budget of \$55,000,000,000 we must recognize that the size of that budget, both at the present time and in the future, will be determined to a great extent by what our allies abroad are able to do to defend themselves.

One of the reasons why that budget is as large as it is is that our allies are not bearing the proportionate share of the load which they should bear in the mutual struggle in which we are engaged. That is why I feel that a vote for the amount recommended by the committee in this instance can be justified—justified, believe it or not, on an economy basis.

I realize that there is a gamble involved—that our allies may not increase their military effort as much as we feel they should.

But I believe that the gamble is worth taking because if through this aid program we are able to create in Europe and in Asia a greater will to resist, our allies will be able to bear a proportionately larger share of our mutual defense burden abroad. Only in this way can we hope eventually to reduce our own military budget at home.

The VICE PRESIDENT. The time of the Senator from California has expired.

Mr. NIXON. Mr. President, I ask the chairman of the committee to yield two more minutes to me, please.

Mr. CONNALLY. I yield two more minutes to the Senator from California.

The VICE PRESIDENT. The Senator from California is recognized for 2 minutes more.

Mr. NIXON. Mr. President, I realize that the State Department has brought upon itself the opposition which has developed in this body both among those who support the pending amendment and among those on the committee who

voted for a cut of \$1,000,000,000. That is because representatives of the State Department have come to the Capitol time and time again with figures and facts which are not reliable. They have misled the Senate, they have misled the Congress, and they have misled the American people on vital phases of our foreign policy where there was no excuse for not telling the truth. That is one of the major reasons why a cut has been recommended by the committee and why other cuts have been suggested, as, for instance, the one by the proponents of the pending amendment.

Nevertheless we must recognize that the struggle in which we are engaged is world-wide in character and that we cannot contemplate the defenses of the United States apart from the defenses of our allies abroad. If the purpose of this bill were to help the recipients of our aid purely from a humanitarian standpoint we could safely vote for the cut proposed by the amendment and more, too. If its purpose were solely to enable them to defend themselves, we could vote for the cut. But I consider this to be a bill for the defense of the United States. On that basis, and on that basis, alone, I believe that the risk which is involved—a risk which requires that the United States send aid abroad so that our allies will be able to build the defenses which both we and they need—is worth taking.

Mr. CONNALLY. Mr. President, I yield 5 minutes to the Senator from Minnesota [Mr. HUMPHREY].

The VICE PRESIDENT. The Senator from Minnesota is recognized for 5 minutes.

Mr. HUMPHREY. Mr. President, I rise to oppose the amendment which is before the Senate. I realize the very serious financial problems which confront our economy and which confront our Nation. I think the Senator from California [Mr. Nixon], in his remarks made a moment ago, put his finger upon the key issue, namely, that the amount of money which is being requested for mutual security is a sound investment on the part of the American people, and that the dollar value to be received in terms of expenditure in the European sector is more than would be received even if the money were to be expended within our own sector.

Mr. President, this is the point I want to emphasize: It is perfectly obvious that we are in a critical stage in our foreign relations. I think it has been obvious to everyone who gave any thought to it that once the treaty with Japan was signed, and once the agreements with the Western German Republic were entered into, the Communist pressure would be put on with ever-increasing and relentless force. I believe our country must be prepared to withstand a period of threats, of intimidation, of reprisals, and of acts almost leading to the brink of war. But we must not retreat, nor by our actions give any indication of weakening our efforts. We are joined in a great alliance with our friends of Western Europe. We have made commitments to them and they to us. We must

keep them and in no way water down our efforts or enthusiasm.

At this particular time I think it would be a rebuke to our allies not to stand by them with everything at our command. We now have under way what we call the European defense community; and to withdraw funds from that European defense community at this time would be to undersell it, to sell it short, and to weaken it.

Mr. President, we desire to say a little bit about the ability of Americans to pay for this program—and I am going to lay it right on the line. As a matter of fact, the American people during the past year have spent more for their alcohol, for their tobacco, and for their luxuries than they have spent for all foreign aid. In light of these evident facts, who can say we are on the verge of bankruptcy, or cannot undertake the costs to maintain our security. Surely our sense of values will not permit us to put pleasures above national security. I do not believe we can protect ourselves from Communist aggression by blowing smoke in the eyes of the Communists, and I do not think we are going to increase our strength—even though we may temporarily feel stronger—by putting cocktails ahead of military preparedness and mutual security with our allies.

Again, to put it on the line, Mr. President, if the American people want to pay for security they can pay for it. It is here to be paid for. There is not one scintilla of evidence which indicates that there is not sufficient capital within the American economy to pay for the costs of mutual security and for the armed strength necessary for our own national security. The profits of industry, the gross income, the real income of individuals, the income of all, up and down this land, is adequate to support the requests which are being made in the terms of our national security.

Since 1947 the average American individual, despite inflation, has improved his standard of living by more than 8 percent. Since 1946, American corporate profits have totaled over \$90,000,000,000 after taxes. After all, the power is here and the money is here to be able to take care of the security of the United States. This is our obligation and duty.

Furthermore, Mr. President, I think we have to face up to the fact that every dollar we put into Western European security today will produce from \$2 to \$3 in return. We are right at the point in history at which we had hoped for years to arrive. We have a type of European integration. We have been able to improve the NATO organization. We have been able to perfect the European defense community. To leave it now without the necessary military sinews, without the strength and power to give it the ability to progress and to defend itself, would be tragic.

I realize that the reduction proposed by the amendment is in the amount of \$500,000,000. Someone may say, "Well, they can get by without the \$500,000,000." The fact is that national security will have to be paid for. Whether we

are willing to pay for it this year, or 5 years from now, is a question which the Senate will have to decide. We cannot expect to have national security and yet delay forever the payment for it. Some day it will have to be chalked up and added up and paid for by the American people.

The VICE PRESIDENT. The time of the Senator from Minnesota has expired.

Mr. HUMPHREY. Mr. President, I conclude with this statement. The question is, Is this generation, are the Americans of this day, willing to pay the costs of national security, or are we to transfer and pass them on to another day, and, by so doing, run the chance of jeopardizing the security of America?

Mr. CONNALLY. Mr. President, I yield 5 minutes to the Senator from Arizona.

The VICE PRESIDENT. The Senator from Arizona is recognized for 5 minutes.

Mr. McFARLAND. Mr. President, there has been much debate on the pending bill. Those of us who have been able to be on the floor at least part of the time have heard speeches tinged with politics, and speeches in regard to whether we should have spent money in order to bring about recovery from the depression of the thirties. We have heard references to the money which was expended in order to win World War II. No one can question that it was necessary to stop Hitler; no one can question that it was necessary for this country to lift itself out of the great depression which paralyzed the whole country; but those questions are not before the Senate today. The question is whether the expenditure of the amount of money authorized to be appropriated by the pending bill would help bring about peace in this troubled world. Yes, we need a balanced budget; we need a balanced economy; but it would not do us much good to have either a balanced budget or a balanced economy if we were to become involved in world war III.

If the mutual security bill is a step in the right direction, if the expenditure of the money it authorizes would help prevent world war III, then it is completely justifiable. That is the question which we must decide today. That is the question which confronts the people of the Nation. On a great issue such as this, politics is not involved, nor should it be. I hope the Senate will not consider this as a political question.

It is impossible to separate a nation's military requirements from its basic and essential civilian needs.

On many of the undeveloped areas of the world we are most dependent today in our own basic and essential civilian needs. There was a time in history when our mines, our forests, and other natural resources pretty much supplied the needs of our economy. The hard reality today, however, is that modern technology has changed that picture.

Today the United States is dependent on foreign sources for its raw rubber, its tin, and its industrial diamonds. We are dependent on these sources for a large portion of many of our strategic metals and minerals.

If the undeveloped areas of Africa and Asia and other parts of the world fall into Soviet hands, we are weakened, the Soviet is strengthened. Disintegration in such areas—a process the Communists are experts in fostering—means we lose these sources of vital materials.

Such losses are not solely a matter of military concern. It takes steel and chrome and copper and aluminum, for example, to make an automobile. Many of the things we call necessities in our everyday life would be cut off if sources of the material going into them were to come under Soviet domination.

Our whole economy is geared to maintaining the present division between slave and free worlds. We must expand markets overseas. Our great industrial capacity today is twice what it was in 1940. We need not only friends to fight with us, but friends to buy from. And we need friends to sell our goods to. What would happen if our military production were cut off? We are geared to a world economy and must keep export markets open on our side of the iron curtain.

To readjust our industrial capacity to hemispheric economy or continental economy would write a grim record in unemployment, idle factories—a bogged down economy.

Mutual security is a lot of things fitted into a powerful weapon. Tearing it down and pulling out some of its parts destroys the whole thing. It just will not work with parts missing or with big parts replaced with small parts that do not fit.

I do not desire to take up a great deal of time, particularly in that there are not many Senators present on the floor. That, Mr. President, saddens me, because this is truly one of the most important questions which have confronted the American people within the time I have been a member of the Senate of the United States. It is more important to prevent a war than it is even to win a war, or at least it is equally important; because, if we can prevent war, we shall not have to win it. If we can prevent war, we shall not have to pour forth the blood of the youth and the treasure of the United States.

Will agreeing to the amendment help us to prevent war? Our Government has launched out on this program. I want the Senate to judge it from the standpoint whether it has helped and will continue to help to prevent war. The question is whether the funds proposed to be authorized are sufficient to accomplish the desired result. There is no evidence before any committee that, with the cut now suggested, the amount would be sufficient. On the other hand, those who are trained in such matters and who are supposed to know the facts have testified that if the bill is cut more than the billion dollars which the committee has already cut our country will be seriously jeopardized. The distinguished chairman of the committee read a telegram from General Eisenhower in which the general said that "an aggregate reduction of the order of a billion dollars will be heavily and seriously felt." That is what General Eisenhower said;

and he is supposed to know all about the program—

The VICE PRESIDENT. The time of the Senator from Arizona has expired.

Mr. McFARLAND. I ask Senators to take the word of men who are supposed to know, and vote against the proposed cut.

Mr. WELKER. Mr. President, I yield 3 minutes to the Senator from New Hampshire [Mr. BRIDGES].

The VICE PRESIDENT. The Senator from New Hampshire is recognized for 3 minutes.

Mr. BRIDGES. Mr. President, from some of the speeches in the Senate the impression might be gained that the proposed amendment, if agreed to, would rip the intestines out of the body of mutual aid. Since World War II, this Nation has sent across the seas more than \$100,000,000,000 in foreign aid of all kinds, including the so-called ECA program. The Greece-Turkey aid program, which was the predecessor of foreign aid, was started in the Eightieth Congress—a Republican Congress. It had its birth there. There are Senators who are sincerely in favor of a program of mutual aid, but they want it to be a mutual program. They do not want our country, with its limited resources, carrying the whole world on its shoulders.

It might be thought, to hear the speeches with reference to the proposed cut, that we were proceeding to abolish the mutual-aid program. That is just so much "bunk," Mr. President. The Foreign Relations Committee, headed by the distinguished Senator from Texas [Mr. CONNALLY], after hearing all the facts, made a cut of \$1,000,000,000. The committee used its best judgment. I give the distinguished Senator credit for using the best judgment possible on the facts presented.

Some of us heard evidence in the Armed Services Committee of the Senate—

Mr. CONNALLY. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I cannot yield; I have not sufficient time.

Mr. CONNALLY. Did the Armed Services Committee approve what the Committee on Foreign Relations had done?

Mr. BRIDGES. Not by my vote. I voted against it. I favored the motion to reduce the amount \$400,000,000 more. That would not cripple the program at all.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. BRIDGES. Mr. President, I ask for one more minute.

Mr. WELKER. Mr. President, I yield one more minute to the Senator from New Hampshire.

Mr. BRIDGES. The proposed further reduction means, Mr. President, that those administering the bill will have to adjust their sights. It may be that Mr. Averell Harriman, a candidate for the Presidency, who is supposed to administer the act, will have to come home from campaigning and administer it a little more strictly than is being done today. It might mean that we shall need

greater cooperation from the nations which we are supplying with foreign-aid funds. But, regardless of that, Mr. President, I think the pending amendment is sound, and it will not cripple the program. If it is adopted the program will continue, but it will be conducted, perhaps, in a better manner and the end result will be better because of the cut.

Mr. MUNDT. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. MUNDT. May it not also result in discontinuing the propaganda which is being turned on the American people through a magazine issued by the administrators of the act?

Mr. BRIDGES. I think so.

Mr. WELKER. Mr. President, I yield 10 minutes to the distinguished Senator from Illinois [Mr. DIRKSEN].

The VICE PRESIDENT. The Senator from Illinois is recognized for 10 minutes.

Mr. DIRKSEN. Mr. President, this is the commencement season, when youngsters will be emerging from the schools of the country, and staid and sedate college seniors will be emerging in the robes of Academus and facing the realities of the world. That thought occurs to me, Mr. President, because it was in the commencement season 5 years ago, in June 1947, that General Marshall addressed the students at Harvard and there uttered a paragraph which, in my considered opinion, has become the most costly paragraph that ever fell from finite lips. It has been rolling since that time, and it continues to roll, because in a single paragraph of a commencement speech General Marshall uttered the core of the Marshall plan.

Before that time, in 1945—and that was only a few years ago—we heard passionate pronouncements about what the United Nations Organization was going to do for suffering mankind. It was long on promises and very short on performance. I am not astonished that I find myself in agreement with Walter Lippmann, for a change, as to the failure of this collective action thus far; and the United Nations is now approaching its seventh birthday.

After the United Nations came the Marshall plan, and we have been hearing about it in one guise or another ever since we adopted it. It was stated that it would be cheaper than war, although if war is not now going on in Korea, I do not know what it is. It was going to relieve suffering humanity and do much for us. So we had the Marshall plan and a war along with it. It did not bring stability—

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. DIRKSEN. I cannot yield at the moment.

It did not bring tranquility and serenity to our country. It did not bring all the blessings which were to be vouchsafed to the people of the United States.

On top of that—and the timing, of course, is interesting—came the North Atlantic Treaty Organization, making every skirmish in Europe our skirmish. If I correctly remember the testimony, the Secretary of State said, in response

to a question propounded to him by the Senator from Iowa [Mr. HICKENLOOPER], no troops would be sent unless they were first authorized by the Congress of the United States. But over there the people began to ask for a little more security; they wanted to have a nucleus, and so later on we sent more troops, because sending them would make ECA work better and give a greater sense of assurance to the people of the Old World. Later more troops were sent, so that today there is an astonishing number of troops over there to cope with whatever eventualities may occur.

On the heels of that situation came Korea, which is today the world's greatest ulcer.

Then came 1951, and there was a change in the response on the other side. That means, Mr. President, that the wills of people have failed. We can produce the best weapons in the world, but if the wills of men are weak the weapons are not going to do any good. That, to me, is the most disturbing factor in the whole picture.

The committee said last year we should not reply upon the modest implementation of the North Atlantic Treaty Organization. It took a large-scale program.

So the same passionate announcements, the same averments, the same promises, have been made to the people today and yesterday that have been resounding in this Chamber for a long time. We lift our eyes, as Ishmael did in the wilderness, and we behold instability and fear and danger that is greater now than before these astronomical expenditures were undertaken. Now there is a new ambition. In this proposal we take account of continuing to build economic strength.

Oh, the semantics, the words, of the thing. We are to consider "social upheavals," as we wrote into the bill last year, when we ended the Marshall plan. We hear about the security aspect and the technical aid aspect. We get lost in the terminology and in the buttered phrases.

Mr. President, I start with the premise that this country is the beachhead of freedom. If freedom fails here, it will fail everywhere. We will not be worried, then, about the rest of the world. So, since June 5, 1947, when General Marshall uttered the core of the Marshall plan, there has not been more security; there has been less. There has not been more tranquility in the world and in our own country; there has been less. There has not been more urgency, but less urgency and less real cooperation.

I have not been unmindful of the fact, since I was in Europe when the Harriman committee was there in 1947, that the Harriman committee measured the capacity of the United States to carry this load. According to the language of the report, in considering the capacity of the United States to bear this burden, the Harriman committee figured we could safely spend \$5,750,000,000 the first year, and support an over-all program aggregating \$17,000,000,000. We

are away beyond that now. Probably, with unexpended balances, \$10,000,000,000 will be expended in the next fiscal year.

Who knows what the end of this business will be? What lies ahead? Did not the Secretary of State say we should spend \$25,000,000,000 for 3 years? What was the information from Lisbon? I cannot say offhand. Some figures I saw indicated the over-all cost would be \$75,000,000,000, and our share would be \$57,000,000,000. Those figures portend continued bankruptcy ahead in Europe, and weakness in the United States.

We took Tito unto our bosoms, and we made him a promise about Trieste. The minute there is an indication that the promise will be fulfilled, he beats his breast and begins to roll us back as if we were strangers, notwithstanding the beneficences that have flowed from this country to him.

What about Tunisia, a country of 3,000,000 people, with 30 centuries of culture behind it? When they raise their voice and ask to have their case ventilated before the United Nations, our country and other countries give lip service to the free world and reject their pleas.

What kind of hypocritical nonsense are we inviting with American dollars, and in the face of possible collapse?

The press reports I get say that a paper army exists in Europe at the moment, along with growing neutralism. Incidentally, the testimony always interests me, because estimators are also spenders. I have looked through the list of witnesses to try to find one humble soul who would come and express a contrary view. One would begin to think this is a one-way street.

Another thing interests me. The London Economist said not so long ago that it would be healthier for Europe to receive more dollars to keep its civilian economy steady, and fewer dollars with which to defend frontiers. That is a great statement to reflect the strength of the wills of people to assume their primary responsibility, because defense rests, first, with them.

I am concerned, Mr. President, about waste.

I wonder what there is to the Genissiat program I have heard about. I am against the St. Lawrence seaway because I do not want to charge the budget of this country with a project of that kind, no matter how useful it may be. Yet, if we are correctly informed, here is a 345-mile waterway from Geneva to Marseilles that is to cost more than \$600,000,000. I am not going to vote for such expenditures. I intend to support every reasonable amendment to economize on this measure.

THE VICE PRESIDENT. The time of the Senator from Illinois has expired.

Mr. WELKER. I yield 5 minutes more to the Senator from Illinois.

THE VICE PRESIDENT. The Senator from Illinois is recognized for five more minutes.

Mr. DIRKSEN. That waterway runs, as I understand, from Lake Geneva to Marseilles. There will be 22 power dams,

66 power stations, 8 locks, 1 lock 82 feet high, and it is estimated that the dams will generate 14,000,000,000 kilowatts. The cost will be something over \$600,000,000, including all the appurtenances, barges, wharves, and equipment necessary to go along with it.

Why has France rejected it? I understand it is now under way over there. Is that the thing with which we are going to burden the taxpayers of the United States? My friend from Minnesota can talk about the money we lavish on luxuries and one thing or another. That is our business, when all is said and done. That is the business of the individual.

But our business here as custodians and stewards of the Government is to make sure that we do not fasten a burden upon our taxpayers that is going to destroy the incentive, risk capital in enterprises, destroy our economy, pour our country into a strait-jacket, and finally invite collapse.

Mr. THYE rose.

Mr. DIRKSEN. I must say here, parenthetically, that I had no reference whatsoever a moment ago to my esteemed friend, the senior Senator from Minnesota [Mr. THYE].

Mr. President, I became a little distressed when the President of the United States, who somehow has lost his vision for economy, should have said the day before yesterday that there are economizers on Capitol Hill who would rather embarrass the White House than checkmate the Kremlin.

I am not interested in embarrassing the White House. It is not necessary any longer. The President has removed himself from the king role. But that is the kind of language that gives me a sense of distress, indeed of fatigue.

One of the best ways to bring comfort to the Kremlin is to weaken the home front of this country, because that would be an open invitation for the disaster; it would play into their hands.

Oh, what an astonishing thing it is to try to save a little money. In the last session we spent 10 months to complete a tax bill. Then, in one day the House of Representatives completed action on foreign aid to the tune of \$8,000,000,000. Mr. President, the passion for spending is here today. If ever an epitaph is written over this country, not the least important of the things that will contribute to the epitaph will be that somehow or other we had forgotten to evaluate the dollars and the burden we placed upon a country that is already almost overburdened.

I am not anxious to raise any suspicion, but there was an interesting line in the President's message on the state of the Union. He said that economic issues and international issues are inseparably connected. The President was right when his statement is read in the light of what fell from the pens and the lips of Government economists last week, when they said a possible cut of the defense program may lead to a recession. Was that an invitation to continue to spend for things to kill, many of the results of which bring rather dubious value

to our own country? Is that the invitation they were stressing to the branch of the Government to whom has been entrusted the power of the purse? It is time, I think, to stop, look, and listen.

A dollar that has been diluted to the point where, according to the Federal Reserve Board, it has its lowest purchasing value in 131 years. We have an interesting example in our neighbor to the north. Canada has a surplus in her treasury, a balanced budget, few controls, and a dollar that is worth more today over the counter than the dollar of the United States of America. What more warning do we need to be thinking a little about the stability and the solvency of the one beachhead that must be protected if the hopes of freedom are to be kept intact for humble people everywhere.

I shall not forget the journey I made around the world in 1945.

The VICE PRESIDENT. The time of the Senator from Illinois has expired.

Mr. WELKER. Mr. President, I yield one more minute to the Senator from Illinois.

Mr. DIRKSEN. Leaders in so many countries would grab me and say, "Let nothing happen to America, for if freedom is foreclosed there, then all is lost."

I would not mind an appropriation of a modest amount, but it seems to me that there is no quid pro quo for what we are giving. I think if I had it to do, I would say, "Tell us about your needs. Reduce them to language and to figures, and we will publish them on the front page of every daily newspaper in the United States." It would be interesting to see what the reaction of burdened taxpayers would be.

Mr. President, I subscribe to the amendment which has been offered by my friend and colleague from Idaho [Mr. WELKER], and I sincerely hope, in the interest of our own people, that the amendment will prevail.

I yield the floor.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. WELKER], for himself and other Senators.

Mr. CONNALLY. Mr. President, I yield 4 minutes to the Senator from Georgia [Mr. GEORGE].

Mr. GEORGE. Mr. President, our distinguished friends talk as though we had accomplished no economy in connection with this particular bill. The Foreign Relations Committee cut the bill by an even \$1,000,000,000. We did that after listening patiently to the testimony. The Armed Services Committee, to which the bill was subsequently referred, made the same recommendation by a majority report to the Senate. The House committee, after listening patiently to the testimony presented to it, came up with substantially a \$1,000,000,000 cut in the bill. So the bill does not come before the Senate as though no committee had given it due consideration, and made the cuts which it was felt could be justified.

Reference has been made to what was spent under the Marshall plan. When

the Marshall plan was first submitted to the Congress, it called for expenditures of \$17,500,000,000; yet through the patient work of the Senate Foreign Relations Committee itself, in large part, and the Foreign Affairs Committee of the House, the actual expenditures under the Marshall program have amounted to only \$12,500,000,000. So there has been a disposition to economize upon the part of those who are responsible on the committees.

Mr. President, I do not wish to make an undue appeal to the sentiments of Senators who are to vote upon this important question. We now have a bill which has been reduced by a total of \$1,000,000,000. The House has reduced it almost by an additional three-quarters of a billion dollars. Even if the bill should be passed at the present level, in the conference between the House and Senate there must be some give and take in order to arrive at a final decision. So it seems to me that we have done enough in connection with this particular bill to justify a vote in support of it. Moreover, for the first time Europe has taken definite steps looking toward a federation—not in a political sense, it is true, but in an economic and military sense. That is the essential thing in the preservation of the liberties of this world.

Civilization may be standing at the very brink of the centuries; yet we quibble here over a reduction of \$500,000,000 more, at the very time when, to take away this appropriation or cut it too low, would mean not only a cut in the defense of Europe, but the destruction of the very will of the free men of Europe to defend Europe, in the sense which will mean so much for our own security.

As I see it, we cannot afford to gamble upon the proposal now before us. A reduction of \$1,000,000,000 in the appropriation is an adequate cut. There is a possibility that there may be a still further reduction in the conference, in order to bring forth a bill which can be enacted into law.

So I express the hope that the Senate will recognize what is involved in this issue. Nothing less is involved than the will of the free men of this earth, especially in Western Europe, to stand up and integrate themselves in a federated system which is the hope of the world.

Does any Senator regret the aid we gave to Greece and Turkey? Does any Senator regret for a minute that Greece and Turkey have been brought into the Western European alliance? Does any Senator for a moment question that the 500,000 or 600,000 soldiers in Turkey would give a great account of themselves if unfortunately war should come again?

The VICE PRESIDENT. The time of the Senator has expired.

Mr. GEORGE. Mr. President, the hope of an integrated Europe is in a Germany which is able and willing to fight, and ultimately a Spain which is willing to throw herself in on our side.

Mr. CONNALLY. Mr. President, may I inquire as to the time?

The VICE PRESIDENT. Each side has one more minute.

Mr. CONNALLY. Mr. President, I yield the remainder of my time to the Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, as a member of the Armed Services Committee I voted for a cut of \$1,000,000,000 in the bill, and announced at the time that I reserved the right to vote for a further cut on the floor of the Senate, depending upon the argument and evidence presented there.

In my judgment, those who are urging a further cut are just as sincere and patriotic Americans as those of us who feel that the evidence does not warrant a further cut at this time. It becomes a matter of judgment. After weighing the evidence I have come to the conclusion that I do not believe we can justify running the risk which, in my opinion, would be involved, in view of the great peril which confronts us, if we were to vote for the pending amendment.

PRINTING OF TESTIMONY OF BERNARD BARUCH
BEFORE ARMED SERVICES SUBCOMMITTEE
(S. DOC. NO. 138)

Mr. President, the Senator from Texas [Mr. JOHNSON] joins with me now in asking unanimous consent to have published as a Senate document the impressive testimony which was submitted to the Armed Services subcommittee this morning by one of the greatest living Americans, Bernard Baruch. On the basis of that testimony I rest my case in support of my vote against the pending amendment.

The VICE PRESIDENT. The time of the Senator from Oregon has expired.

Is there objection to the unanimous-consent request of the Senator from Oregon [Mr. MORSE]? The Chair hears none, and it is so ordered.

Mr. WELKER. Mr. President—

The VICE PRESIDENT. The Senator from Idaho is recognized for 1 minute.

Mr. WELKER. Mr. President, I do not wish to close this debate without referring to the remarks made by my distinguished colleague from the State of California [Mr. NIXON], who made the statement that because of the fact that in the past 7 years we had lost 600,000,000 people to communism, we should refuse to make the proposed cut. I know of no better argument for this amendment than those very words. We have poured more than \$75,000,000,000 down a rat hole, and we are still losing people to communism by the millions. I say it is time the taxpayers of the United States and the economy of this Nation were considered. One Senator says that he is agreeable to a reduction of \$400,000,000, but not \$500,000,000. I ask, how can the line be drawn that close?

Mr. President, I think this amendment is sound. The taxpayer must at last be considered.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. WELKER] for himself and other Senators. On this question the yeas and nays have been ordered.

Mr. DOUGLAS. Mr. President, I send to the desk an amendment to the amendment of the eminent junior Senator from Idaho [Mr. WELKER].

The VICE PRESIDENT. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 2, after line 16, it is proposed to add the following:

On page 11, strike out the quotation marks at the end of line 9 and between lines 9 and 10 insert the following:

"Sec. 537. In addition to any amounts appropriated pursuant to the authorizations contained in this act, the President is authorized to expend for any of the purposes of this act the sum of \$500,000,000 from any funds heretofore or hereafter appropriated for the Department of Defense or any of its activities. The total amount expended for any purpose pursuant to this section shall not exceed the amount by which (a) the amount requested for such purpose in the estimates accompanying the President's request for enactment of the Mutual Security Act of 1952 exceeds (b) the amount appropriated for such purpose pursuant to authorizations contained in the Mutual Security Act of 1952."

Mr. McFARLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. HILL in the chair). The Senator will state it.

Mr. McFARLAND. Is the amendment offered by the Senator from Illinois subject to a point of order?

The PRESIDING OFFICER. The amendment is not in order as an amendment to the pending amendment. It is an entirely separate and independent proposition. The amendment of the Senator from Illinois would be in order as a separate amendment, but not as an amendment to the pending amendment.

Mr. McFARLAND. Much as I regret to do so, because I do not believe we should confuse the situation with respect to the pending amendment I make a point of order with reference to the amendment being offered by the Senator from Illinois.

The PRESIDING OFFICER. The Chair sustains the point of order. The amendment will be in order as a separate amendment, but it is not in order as an amendment to the amendment offered by the Senator from Idaho [Mr. WELKER].

The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. WELKER] for himself and other Senators.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSTON of South Carolina (when his name was called). On this vote I have a pair with the junior Senator from Iowa [Mr. GILLETTE]. If he were present and voting he would vote "nay." If I were permitted to vote I would vote "yea." I withhold my vote.

Mr. STENNIS (when his name was called). On this vote I have a pair with the senior Senator from Oklahoma [Mr. KERR]. If he were present and voting he would vote "nay." If I were permitted to vote I would vote "yea." I withhold my vote.

Mr. McCARTHY (when his name was called). On this vote I have a pair with the senior Senator from Washington [Mr. MAGNUSON]. If he were present and voting he would vote "nay." If I

were permitted to vote I would vote "yea." I withhold my vote.

The roll call was concluded.

Mr. JOHNSON of Texas. I announce that the Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], and the Senator from Arkansas [Mr. McCLELLAN] are absent by leave of the Senate.

The Senator from Colorado [Mr. JOHNSON], the Senator from Tennessee [Mr. McKELLAR], and the Senator from Maryland [Mr. O'CONOR] are absent on official business.

The Senator from Connecticut [Mr. McMAHON] is absent because of illness.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a delegate from the United States to the International Labor Organization Conference, which is to meet in Geneva, Switzerland.

I announce that the junior Senator from Tennessee [Mr. KEFAUVER] is paired on this vote with the Senator from Nebraska [Mr. BUTLER]. If present and voting, the junior Senator from Tennessee would vote "nay," and the Senator from Nebraska would vote "yea."

I announce further that the senior Senator from Tennessee [Mr. McKELLAR] is paired on this vote with the Senator from Connecticut [Mr. McMAHON]. If present and voting, the senior Senator from Tennessee would vote "yea," and the Senator from Connecticut would vote "nay."

I announce further that if present and voting, the Senator from Montana [Mr. MURRAY], and the Senator from Maryland [Mr. O'CONOR] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN] and the Senator from California [Mr. KNOWLAND] are absent by leave of the Senate.

The Senator from Pennsylvania [Mr. DUFF] and the Senator from Nebraska [Mr. SEATON] are necessarily absent.

The Senator from Montana [Mr. ECTON] and the Senator from North Dakota [Mr. LANGER] are absent on official business.

The Senator from Vermont [Mr. FLANDERS] and the Senator from Wisconsin [Mr. WILEY] are absent by leave of the Senate for the purpose of attending the Conference of the International Council for Christian Leadership at The Hague.

The Senator from Nebraska [Mr. BUTLER] is detained on official business.

On this vote the Senator from Washington [Mr. CAIN] is paired with the Senator from Wisconsin [Mr. WILEY]. If present and voting the Senator from Washington would vote "yea," and the Senator from Wisconsin would vote "nay."

On this vote the Senator from Montana [Mr. ECTON] is paired with the Senator from Pennsylvania [Mr. DUFF]. If present and voting the Senator from Montana would vote "yea," and the Senator from Pennsylvania would vote "nay."

On this vote the Senator from California [Mr. KNOWLAND] is paired with the Senator from Vermont [Mr. FLANDERS]. If present and voting the Senator from California would vote "yea," and the Senator from Vermont would vote "nay."

On this vote the Senator from Nebraska [Mr. BUTLER] is paired with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting the Senator from Nebraska would vote "yea," and the Senator from Tennessee would vote "nay."

The result was announced—yeas 33, nays 41, as follows:

YEAS—33

Bennett	Dworshak	Millikin
Bricker	Ellender	Mundt
Bridges	Ferguson	Schoeppel
Butler, Md.	Frear	Smith, Maine
Byrd	Hickenlooper	Smith, N. C.
Capehart	Jenner	Taft
Carlson	Kem	Thye
Case	Long	Watkins
Cordon	Malone	Welker
Dirksen	Martin	Williams
Douglas	Maybank	Young

NAYS—41

Aiken	Hill	Morse
Anderson	Hoey	Neely
Benton	Holland	Nixon
Brewster	Humphrey	O'Mahoney
Chavez	Hunt	Pastore
Clements	Ives	Robertson
Connally	Johnson, Tex.	Russell
Eastland	Kilgore	Saltonstall
Fulbright	Lehman	Smathers
George	Lodge	Smith, N. J.
Green	McCarran	Sparkman
Hayden	McFarland	Tobey
Hendrickson	Monroney	Underwood
Hennings	Moody	

NOT VOTING—22

Butler, Nebr.	Kefauver	McMahon
Cain	Kerr	Murray
Duff	Knowland	O'Conor
Ecton	Langer	Seaton
Flanders	Magnuson	Stennis
Gillette	McCarthy	Wiley
Johnson, Colo.	McClellan	
Johnston, S. C.	McKellar	

So the amendment offered by Mr. WELKER, for himself and other Senators, was rejected.

Mr. McFARLAND. Mr. President, I move that the Senate reconsider the vote by which the amendment just voted on was rejected.

Mr. CONNALLY. Mr. President, I move to lay on the table the motion to reconsider.

The VICE PRESIDENT. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I call up my amendment, which is designated "5-23-52-A."

The VICE PRESIDENT. The amendment will be stated.

Mr. LONG. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment offered by Mr. LONG is as follows:

On page 3, line 2, strike out "\$3,620,317,000" and insert in lieu thereof "\$3,410,443,000."

On page 3, line 15, strike out "\$1,588,922,000" and insert in lieu thereof "\$1,496,810,000."

On page 4, lines 9 and 10, strike out "\$529,614,000" and insert in lieu thereof "\$498,912,000."

On page 4, line 20, strike out "\$48,038,000" and insert in lieu thereof "\$45,253,000."

On page 5, line 4, strike out "\$56,772,000" and insert in lieu thereof "\$53,481,000."

On page 5, line 7, strike out "\$66,380,000" and insert in lieu thereof "\$62,532,000."

On page 5, line 20, strike out "\$533,859,000" and insert in lieu thereof "\$502,911,000."

On page 6, line 5, strike out "\$356,354,000" and insert in lieu thereof "\$335,696,000."

On page 8, line 2, strike out "\$54,501,000" and insert in lieu thereof "\$51,342,000."

On page 8, line 4, strike out "\$19,215,000" and insert in lieu thereof "\$18,101,000."

On page 10, line 9, strike out "\$8,734,000" and insert in lieu thereof "\$8,228,000."

On page 10, line 25, strike out "\$2,446,000" and insert in lieu thereof "\$2,304,000."

On page 14, line 18, strike out "\$14,848,000" and insert in lieu thereof "\$13,987,000."

The VICE PRESIDENT. The Senator from Louisiana is recognized for 30 minutes.

Mr. LONG. Mr. President, inasmuch as this amendment is very much in the nature of amendments previously considered, the amendment need not require long debate. Therefore, I ask that debate on this amendment be limited to 15 minutes to a side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? Without objection, it is so ordered.

Mr. LONG. Mr. President, I believe this amendment can be very briefly explained. It proposes to reduce the amount of authorization carried by the bill by \$400,000,000, or by \$100,000,000 less than the amount of reduction proposed by the amendment of the Senator from Idaho, on which the Senate has just voted.

The amendment I now offer is one which was offered in the Armed Services Committee. The committee members who were present at that time were 5 to 1 in favor of agreeing to the amendment. One member had to leave the room; but if he had been present at the moment when the vote was taken in the committee, the result of the vote would have been 6 to 1. However, it seemed that the armed services and the State Department viewed the amendment with great alarm, and were successful in getting all the absent members of the committee to be represented by proxies, with the result that the next day all six proxies were cast against the cut proposed by the members of the Armed Services Committee who were present. Therefore, by virtue of the six proxies which were voted at that time, after they had more or less been sought all across the country, the amendment was rejected by the committee.

Nevertheless, certainly it was the judgment of the members of the committee who were present at the time when the evidence was heard and certainly it was the judgment of the committee members who were present at the time when the amendment was brought up, that it was wise to reduce the authorization by \$400,000,000.

I believe the Senate should know and should take cognizance of the fact that

those who are in charge of the administration of a program are invariably its enthusiasts, and they will always recommend to Congress just as much in the way of authorizations and appropriations for their program as they believe there is any possibility of obtaining. So, in the case of this program, those who are in charge of administering it, including even such a great man as General Eisenhower, tend to become much enthused about the program and do not try to pare it down in the way that others would try to do.

For instance, Mr. President, this bill as proposed by the administration first called for authorizations in the amount of approximately \$7,900,000,000. The committee which studied the bill proposed that it be reduced in amount by \$1,000,000,000. It should be noted that no one has closer contacts with this matter than does the Foreign Relations Committee, whose members have a special opportunity to study the program both at home and abroad. They have the closest contact with the State Department and with the administration of the mutual-defense program; and, being closest to it, they see more of it, and they tend to become greater enthusiasts for it than does the average Member of the Senate.

When the bill was referred to the Committee on Armed Services, even though that committee did not have a chance to study the bill very long, it was by only one vote that this particular amendment failed to be adopted; and it is significant that even when the amendment failed to carry in the committee, two of the votes cast in the committee were by proxy, and at that time were voted with reservations. So, Mr. President, actually the majority of the committee would have tended to be in favor of this amendment.

This amendment would amount to a 19-percent cut in the amount proposed.

It is significant to note what has happened to some other legislative proposals which have been before us. I am one of those who believe in developing the resources of the Nation, and I am one of those who believe that ultimately the strength of our Nation is the strength of the free world. Certainly that is so in large measure. So it is significant to note that a policy of "No new starts" has been adopted by the administration, and that projects not already under way cannot be undertaken. Yet, notwithstanding that, even in connection with the limited budget proposed by the administration, cuts in flood control and navigation projects have already been effected in the House of Representatives to the extent of approximately 30 percent.

Here we have a program which certainly is not so limited in its scope; and it seems to me that a cut of approximately 19 percent would not particularly damage the program. I notice that in the case of all dollar authorizations the administration evidently insists upon the greatest possible flexibility, which indicates that there is no figure in this entire bill which is in any respect sacrosanct. The administrators of the program intend to juggle the funds back

and forth in order to get the best results possible for the money available. I believe that by reducing another \$400,000,000, we shall in no wise harm this program.

Mr. President, I hear it said that in considering the situation overseas today we should not overlook the significance of the signing of a treaty for a defense community in Europe. It is noteworthy that the timing of this program has always been such that the Congress has always been under the greatest possible pressure at the time a vote occurs. The junior Senator from Louisiana voted on this original program when it was authorized initially. He noted significantly that after that vote occurred in the United States Senate, the President, on the next day, announced that Russia had the atom bomb. There is no doubt in the mind of the junior Senator from Louisiana, inasmuch as the President announced that Russia had had the atomic bomb for some time, that had it been necessary in order to obtain the full amount of the appropriation, the President probably would have made the announcement 1 or 2 days earlier, instead of waiting until after that vote to make the announcement.

I also recall that, when we voted on this program the second time, there were riots in Europe. General Eisenhower was in Europe, and the cry was raised, "Let us not turn our backs on General Eisenhower at this important time, when he is undertaking to get the free world to work together."

Mr. President, we now find that there is another emergency. I submit that the timing of legislation of this character will tend to be such that we shall always find that there is never a right time to reduce appropriations for the program, that it is always the wrong time, and that the program will always come before us at the wrong time to make any cuts or any reductions whatever. The Congress should determine the basic policy. Why should we allow those who are the greatest enthusiasts for the program to go overseas and commit this Nation to \$7,000,000,000, \$8,000,000,000, or perhaps even \$10,000,000,000 or \$15,000,000,000 of the taxpayers' money, without reserving to ourselves the right to pass upon the question of how much we believe can be pared from the program? The junior Senator from Louisiana feels that a much greater cut could be made without injuring this program, and that there would be no substantial injury to the program, but, on the contrary, a major saving to the taxpayers by reducing the authorization contained in this bill by \$400,000,000. Therefore, I hope the amendment will be agreed to.

Mr. CONNALLY. Mr. President, how much time remains on the amendment?

Mr. FULBRIGHT. The Senator from Louisiana has 7 minutes; the Senator from Texas, 15.

Mr. CONNALLY. Mr. President, I do not want to take 15 minutes. The Senate has just voted on this same proposition and defeated it. There is only a difference of \$100,000,000. The principle is the same.

Mr. President, the Senator from Louisiana, who offers this amendment, is on the Committee on Armed Services. He voted to send this bill to the Armed Services Committee after the Committee on Foreign Affairs reported it. It was sent to the Armed Services Committee, and that committee voted an amendment, similar to the one now proposed, down. Is there consistency in that? The Senator from Louisiana wanted to obtain the judgment of the Armed Services Committee, where his voice could be heard, and where no doubt it was heard. But that committee voted down the amendment, and, a while ago, the Senate voted down an amendment proposing a slightly greater cut.

Mr. President, I do not want to consume the time of the Senate unnecessarily, but I ask Senators, what is happening yonder in Europe? The United States, together with the prime ministers of certain European countries, have been able to induce Germany to line up with the west, and to become one of the Western Allies. That was a monumental achievement. Had Germany lined up with Russia, on the other hand, it would have spelled the doom of the western alliance. It would have meant a serious threat to the safety of Western Europe. It would have meant a serious threat to the safety of the United States itself. Can that be doubted? Do we want to send a message to Europe saying, "All right, go ahead, but we are going to trim the mutual-security bill. We have cold feet. We are not going to carry through."

No, Mr. President, we cannot send a message of that sort to our European allies. Do we want to discourage them? Do we want to throw cold water upon them? Do we want to tell them that we are going to give them just a little dab, just enough money to make them think we are for them, when in fact we are going to vote the other way? No, Mr. President.

Who knows best about the conditions which exist in connection with the defense of Western Europe? Is it not General Eisenhower, who has been there, who has been in control, who has been in command, and whose duty it was to solve the problems connected with the defense of Western Europe? Does General Eisenhower know less about it than do Members of the Senate? Upon military matters, Mr. President, I think I should prefer to take the judgment of General Eisenhower. He was a good general in World War II. He led the armies that landed yonder on the western coast of France, a feat which it had been said could not be accomplished. He took his army into France. He marched it across France and into Germany. He brought Hitler to his knees in surrender. He gave triumph to the American Flag and to the flags of our allies. Does General Eisenhower not know more about what the military requirements are than does some individual Senator? Will any Senator say to him, "Oh, General Eisenhower, you are a good fellow; you have been a good officer, and all that; but listen: when it comes to running an army

and saying what we need in the way of an army, I am sorry, General, I do not agree with you. I know more than you do."

Mr. LONG. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield more than does the Senator from Louisiana. [Laughter.]

Mr. LONG. Mr. President, will the Senator yield?

Mr. CONNALLY. Mr. President, if the Senator will not continue to ask me to yield, I shall yield to him for a question.

Mr. LONG. The committee of which the Senator from Texas is chairman, by a vote of 12 to 0, cut the amount which General Eisenhower judged to be proper, by \$1,000,000,000. Does the Senator believe that Members of the Armed Services Committee are the only Senators who have better judgment than General Eisenhower?

Mr. CONNALLY. Oh, no.

Mr. MOODY. Mr. President—

Mr. CONNALLY. Just a moment. I want to answer that. When the Foreign Relations Committee acted, we had not obtained the judgment of General Eisenhower in all particulars. However, after we had acted, we asked his opinion. He said that any greater cut than a cut of \$1,000,000,000 would threaten our security and would probably require a complete reorganization. I have never said that no one knows anything except members of the Armed Services Committee, because I do not agree with that. But that committee had sense enough to report this bill favorably. It knew enough about the military to say that a cut of \$1,000,000,000 was enough. It overruled the Senator from Louisiana.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. No. I told the Senator I would yield once, and I do not intend to yield further.

Mr. LONG. Mr. President, will the Senator yield in my time?

Mr. CONNALLY. No; not even in the Senator's time.

Mr. President, I yield. What does the Senator from Louisiana want?

Mr. LONG. Certainly, of the Senators of the Armed Services Committee who were present, those who were in the city, the vote was 6 to 1 in favor of cutting it. It was only through the use of the proxy system across the country that that decision was reversed.

Mr. CONNALLY. I have heard the Senator say that before. A proxy is a proxy, and a Senator who votes by proxy votes as much as does a Senator who is present voting in person. It does not depend upon the muscles of someone whether he is right. It does not depend upon how much he weighs. It depends upon his intellect, upon what his mind tells him. Members of the Armed Services Committee had sense enough to say that a cut of \$1,000,000,000 was sufficient, whereas those who would weigh this issue according to *avoids* say, "There are six beefy members here, and there are members who are thinking about other duties which they must perform." In that case the six beefy mem-

bers would settle this great question, in the absence of other Senators. But when the Senators who had been absent showed up and voted it down, then they ceased to be good members of the Armed Services Committee.

Mr. President, we have Joint Chiefs of Staff, composed of three very eminent men, soldiers and sailors and other distinguished men. What did they say?

"General Bradley, what do you say?"

General Bradley is chairman of the Joint Chiefs of Staff. He said that any further cut would not be in the interest of the welfare of the United States or of Western Europe.

"Well, now, General Bradley"—this is a Member of the Senate talking to him—"you are a very nice old man. I have always thought very well of you, but when it comes to military affairs I know a great deal more than you do, General Bradley. It is true that you led the Army successfully in Sicily; you led the Army successfully in Belgium. You have been Chief of Staff of the Army, and now you are Chairman of the Joint Chiefs of Staff, but, General, you are not so smart a man as I thought you were. I have not talked to you about this matter. If you had talked to me, General, you would not have expressed yourself in the way you have, because I know and you do not know; I know what is right for the Army; I know what is right for Western Europe; I know what we can do and what we cannot do. But, General Bradley, you make a further study. You do not know what you are talking about. I know, and you do not."

That is also true, Mr. President, of the Chief of Naval Operations and of General Vandenberg, Chief of the Air Force:

"Now, General Vandenberg. I want to talk to you. I am a Member of the Senate. Take a chair and let me ask you something. I grant you, you know how to fly. You can get into an airplane and fly all around. I am not much of a flyer. I am a flyer only when campaign years come around. Then I do all the flying I can. But outside of your flying, do you know anything at all about military affairs? I know. You are talking to a man who knows what he is talking about. I know how many troops we should have in Western Europe. I know how much money we should spend. I know what kind of equipment we need. I am sorry, General Vandenberg, that you do not know any more about your business than you seem to know. I voted to confirm your nomination, but I was under a misapprehension. I thought you knew something about military affairs, but I find, when you disagree with me, you do not know a thing about military affairs."

No, Mr. President, we have already had enough debate on this subject. The Senate voted down the \$500,000,000 amendment. What is the use of going all over the ground again? We are told that this is a \$400,000,000 amendment. We are told, "There is a difference of \$100,000,000. The other amendment was offered by another Senator; this amendment is offered by me."

Mr. President, I hope the Senate will speedily dispose of the amendment by

rejecting it. It has already been repudiated, denied, and turned down by the Senate on the vote which has already been taken.

Mr. HICKENLOOPER. Mr. President, will the Senator from Texas yield for a question?

Mr. CONNALLY. Just one?

Mr. HICKENLOOPER. Just one.

Mr. CONNALLY. I know the Senator is as full of questions as a dog is full of fleas. But go ahead.

Mr. HICKENLOOPER. Is it not true, I will ask the distinguished Senator from Texas, the beloved chairman of the committee of which I am a member, that the Chief of the Army, the Chief of the Air Force, the chief admiral of the Navy, and other representatives of the Department of Defense came before our committee and unanimously stated that they had to have \$7,900,000,000? It was the amendment of the Senator from Texas, who disagreed with the technical military people, which cut a billion dollars from the \$7,900,000,000 requested.

Mr. CONNALLY. I will answer the Senator. Those men came before our committee, but they did not say, "We have got to have so and so." They recommended \$7,900,000,000, but the committee is not taking dictation. The Senator from Iowa and the risible Senator from New Hampshire [Mr. BRIDGES] seem to think that whenever military people come forward Senators must fall down and worship them. The Committee on Foreign Relations does not do that kind of business. We do a little thinking now and then. We do not have the brass collar of any organization around our necks.

Mr. BRIDGES rose.

Mr. CONNALLY. I hope the Senator from New Hampshire will not leave the floor.

Mr. BRIDGES. Oh, no; I am not leaving.

Mr. CONNALLY. I would rather see his front than his rear.

Mr. President, what did the military witnesses say? They recommended the original amount. We conducted an investigation. The Senator from Iowa knows that we had a full and complete hearing on the subject. We did not take their word or the word of the Senator from Louisiana [Mr. LONG]. We held a hearing, investigated the matter, and decided that the necessities of the occasion were very great indeed, but we also decided that they could get along with a billion dollars less, and we so voted. General Eisenhower was more or less satisfied. He said it would be a serious cut and that any greater cut, any substantial cut in addition, would probably wreck the organization which has already been built up and cause a reorganization.

Mr. President, I ask for a vote.

Mr. BRIDGES. Mr. President, will the Senator from Louisiana yield me a couple of minutes?

Mr. LONG. I yield 2 minutes to the Senator from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 2 minutes.

Mr. BRIDGES. Mr. President, I have been much interested in the argument

of the distinguished Senator from Texas. First, he argues that the military are completely right, and then he argues that his committee will not be dictated to by the military. It is hard to follow him. I like to follow him, but it is difficult to do so when he argues both ways within a few minutes.

Mr. CONNALLY. I was thinking about what had been said about the military needs, and, on the other hand, I was thinking of the Foreign Relations Committee holding hearings and hearing arguments.

Mr. BRIDGES. The Senator from Texas may not think that \$100,000,000 is a lot of money, but it is \$100,000,000. He says the committee cut the request \$1,000,000,000, and that General Eisenhower said we should not make any tremendous cut. If a cut of \$100,000,000 is insignificant, there is not much difference between a billion dollars and a billion four hundred million dollars. So I think the distinguished Senator from Texas, whom we all love and highly regard, falls down on his own argument.

I hope most sincerely, Mr. President, that the amendment will prevail.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Louisiana [Mr. LONG].

SEVERAL SENATORS. Vote! Vote!

Mr. LONG. Mr. President, I ask for the yeas and nays. The yeas and nays were ordered; and the Chief Clerk proceeded to call the roll.

Mr. ROBERTSON (when his name was called). On this vote I have a pair with the senior Senator from Connecticut [Mr. McMAHON]. If he were present and voting he would vote "nay." If I were permitted to vote I would vote "yea." I withhold my vote.

Mr. STENNIS (when his name was called). On this vote I have a pair with the senior Senator from Oklahoma [Mr. KERR], who if present would vote "nay." If I were permitted to vote I would vote "yea." I withhold my vote.

The roll call was concluded. Mr. JOHNSTON of South Carolina. I am paired on this vote with the Senator from Iowa [Mr. GILLETTE]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

Mr. McCARTHY. On this vote I am paired with the Senator from Washington [Mr. MAGNUSON]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

Mr. JOHNSON of Texas. I announce that the Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], and the Senator from Arkansas [Mr. McCLELLAN] are absent by leave of the Senate.

The Senator from Connecticut [Mr. McMAHON] is absent because of illness.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a delegate from the United States to the International Labor Organization Conference, which is to meet in Geneva, Switzerland.

I announce further that if present and voting the Senator from Tennessee [Mr. KEFAUVER] and the Senator from Montana [Mr. MURRAY] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN] and the Senator from California [Mr. KNOWLAND] are absent by leave of the Senate.

The Senator from Pennsylvania [Mr. DUFF] and the Senator from Nebraska [Mr. SEATON] are necessarily absent.

The Senator from Montana [Mr. ECTON] and the Senator from North Dakota [Mr. LANGER] are absent on official business.

The Senator from Vermont [Mr. FLANDERS] and the Senator from Wisconsin [Mr. WILEY] are absent by leave of the Senate for the purpose of attending the Conference of the International Council for Christian Leadership at The Hague.

On this vote the Senator from Washington [Mr. CAIN] is paired with the Senator from Wisconsin [Mr. WILEY]. If present and voting, the Senator from Washington would vote "yea" and the Senator from Wisconsin would vote "nay."

On this vote the Senator from Montana [Mr. ECTON] is paired with the Senator from Pennsylvania [Mr. DUFF]. If present and voting, the Senator from Montana would vote "yea" and the Senator from Pennsylvania would vote "nay."

On this vote the Senator from California [Mr. KNOWLAND] is paired with the Senator from Vermont [Mr. FLANDERS]. If present and voting, the Senator from California would vote "yea" and the Senator from Vermont would vote "nay."

The result was announced—yeas 37, nays 40, as follows:

YEAS—37

Bennett	Eastland	Millikin
Bricker	Ellender	Mundt
Bridges	Ferguson	Schoeppel
Butler, Md.	Frear	Smith, Maine
Butler, Nebr.	Hickenlooper	Smith, N. C.
Byrd	Jenner	Taft
Capehart	Johnson, Colo.	Thye
Carlson	Kem	Watkins
Case	Long	Welker
Cordon	Malone	Williams
Dirksen	Martin	Young
Douglas	Maybank	
Dworshak	McKellar	

NAYS—40

Alken	Hoey	Neely
Anderson	Holland	Nixon
Benton	Humphrey	O'Connor
Brewster	Hunt	O'Mahoney
Chavez	Ives	Pastore
Clements	Johnson, Tex.	Russell
Connally	Kilgore	Saltontall
Fulbright	Lehman	Smathers
George	Lodge	Smith, N. J.
Green	McCarran	Sparkman
Hayden	McFarland	Tobey
Hendrickson	Monroney	Underwood
Hennings	Moody	
Hill	Morse	

NOT VOTING—19

Cain	Kerr	Murray
Duff	Knowland	Robertson
Ecton	Langer	Seaton
Flanders	Magnuson	Stennis
Gillette	McCarthy	Wiley
Johnston, S. C.	McClellan	
Kefauver	McMahon	

So Mr. LONG's amendment was rejected.

Mr. McFARLAND. Mr. President, I move that the Senate reconsider the

vote by which the amendment was rejected.

Mr. CONNALLY. Mr. President, I move to lay that motion on the table.

Mr. CASE. I ask for the yeas and nays.

The yeas and nays were not ordered. The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from Arizona.

The motion to lay on the table was agreed to.

Mr. ELLENDER obtained the floor.

Mr. McCARRAN. Mr. President, will the Senator from Louisiana yield so that I may offer two very brief amendments which I think will be accepted by the chairman of the committee?

Mr. ELLENDER. I understand that the time is limited.

Mr. McCARRAN. I ask the Senator from Louisiana to yield to me in order that I may offer two very brief amendments which I think will be accepted by the chairman of the committee.

The PRESIDING OFFICER. Does the Senator from Louisiana yield for that purpose?

Mr. ELLENDER. I am willing to yield provided I do not lose the floor, and provided that none of the time consumed by the Senator from Nevada will be charged to me in the presentation of the amendment I am about to propose.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCARRAN. Mr. President, I offer my amendment designated "C."

The PRESIDING OFFICER. The amendment offered by the Senator from Nevada will be stated.

The LEGISLATIVE CLERK. On page 2, between lines 21 and 22, it is proposed to insert a new subsection, as follows:

(a) In paragraph 101 (a) (1), insert ", for Spain," after "parties to the North Atlantic Treaty."

On page 2, line 22, it is proposed to strike out the first "(a)" and insert therefor "(b)."

On page 3, line 11, it is proposed to strike out "(b)" and substitute therefor "(c)."

On page 3, line 21, it is proposed to strike out "(c)" and substitute therefor "(d)."

Mr. McCARRAN. Mr. President, the purpose of my amendment is simply to clarify the present language in the bill as regards Spain. As the Senate knows, the President, under the terms of the bill before us, is given discretionary authority to utilize 10 percent of the funds so as to carry out and meet the best interests of this country.

There are two ways in which a country may be given additional help under this 10-percent discretionary authority: First, either by being a member of the North Atlantic Treaty Organization; or, second, by a determination by the President that it is to the best interests of this country to extend this additional aid. My amendment, therefore, would simply clarify the intention that Spain should be included within the purview of this discretionary authority.

The final determination as to whether Spain should receive additional aid would be made by the President. However, in order that there would be no misunderstanding as to whether Spain would be eligible, I have offered this amendment and hope the Senate will see fit to adopt it.

I think the chairman of the committee will be willing to accept the amendment.

Mr. CONNALLY. Mr. President, I will say to the Senator that I will take the amendment to conference. I cannot guarantee what will happen in the conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada.

The amendment was agreed to.

Mr. McCARRAN. Mr. President, I offer another amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Nevada will be stated.

The LEGISLATIVE CLERK. On page 3, line 23, immediately following the subparagraph designation "(c)", it is proposed to insert the following sentence: "Not less than \$25,000,000 of the funds made available under authority of subsections (a) and (b) of this section shall be used for economic, technical, and military assistance to Spain in accordance with the provisions of this act."

Mr. McCARRAN. Mr. President, I am offering an amendment which provides that Spain shall be allocated an additional \$25,000,000 of the funds available under title I, relating to Europe, of the Mutual Security Act—S. 3086.

The purpose of my amendment is to insure that Spain in addition to being allowed to receive the \$100,000,000 authorized last year shall receive an additional amount of \$25,000,000 for the purposes of military, technical, and economic assistance. This \$25,000,000 is but an infinitesimal amount of the total that will be finally appropriated for these purposes. It will not meet Spain's needs but it will give this friendly nation a pat on the back, and tell her that we stand together in our fight against the common enemy.

As I have stated before, a mutual security mission is being sent to Spain and I am sure that the work of this mission will be facilitated by this token of encouragement to that country.

Mr. President, I do not believe that there can be any disagreement with the fact that Spain by virtue of its strategic location is vital in the over-all defensive plans for Western Europe. We should, therefore, extend to that country every assistance possible. I hope that the Senate will adopt my amendment.

The House passed a bill, House bill 7005, containing the exact language of my amendment.

Mr. CONNALLY. Then if I take the amendment to conference, it will be all over. I will agree to carry the amendment to conference. I cannot guarantee what the House conferees will do. They may change their minds.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada.

The amendment was agreed to.

Mr. ELLENDER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana will be stated.

The LEGISLATIVE CLERK. On page 3, line 15, it is proposed to strike out "\$1,588,922,000" and insert in lieu thereof "\$1,008,922,000."

The PRESIDING OFFICER. Under the previous agreement the Senator from Louisiana [Mr. ELLENDER] is recognized.

Mr. ELLENDER. Mr. President, I should like to have the attention of Senators for a few minutes. I shall be very brief.

I realize that the atmosphere in the Senate today is not conducive to reducing authorizations embodied in the pending bill. Several have been proposed and have failed to win approval. However, I should like to approach the subject from a different angle. Instead of attempting to apply any across-the-board reduction, as the previous amendments have sought to accomplish, I am confining my amendment solely to that part of the bill dealing with economic aid.

If Senators will refer to page 3 of the pending measure, it will be noted that \$1,588,922,000 is set aside for economic aid to western European nations. My amendment would reduce that amount to \$1,088,922,000—a net reduction of \$500,000,000. I will tell the Senate why I think such a reduction is not only justifiable, but necessary.

Last year it was my privilege to travel through many of the western European nations. During that trip, I made a study of American expenditures in the west European economic field over the past 3 years. After I returned to Washington I obtained supplemental information from the agencies involved in order to determine the progress made in strengthening the national economies of Western Europe.

To my surprise, and to my great pleasure, the reports I obtained indicated that progress was much greater than dreamed of or anticipated by Mr. Paul Hoffman, the former Administrator of the Economic Cooperation Administration.

In a colloquy which occurred in 1951 before the Senate Appropriations Committee, between the Senator from Oregon [Mr. CORDON] and Mr. Hoffman, who was then ECA Administrator, the termination date of this vast and expensive undertaking was brought up. Mr. Hoffman, an able administrator, was quite specific as to what percentage increase in industrial production over prewar levels ECA considered to be evidence that our financial aid could be safely, and justifiably, ended. First I shall read what the Senator from Oregon [Mr. CORDON] said:

Senator CORDON. Now, Mr. Hoffman, let us assume success at the end of 1952. Let us assume that your target, which I believe is 130 percent of prewar production, has been achieved at that time.

Mr. Hoffman replied—and I want Senators to mark well what he said:

Mr. HOFFMAN. I think it goes a little less than that; I think it was about 125 percent, Senator.

Mr. President, in other words, when we started the ECA program, Mr. Hoffman's objective was clear and specific. He did not hedge. He said that the moment the countries of Western Europe reached 125 percent of their prewar production, we could safely terminate all economic aid. Europe could take care of itself.

Let me show what has happened since 1948, the year ECA began pouring billions of dollars into Western Europe. This is the picture I obtained in late 1951 and early 1952 from Mr. Tyler Wood, who at that time was Deputy Administrator of first, ECA and, during 1952, of the Mutual Security Agency. These are the figures. These are not opinions or weasel words. These are the cold, hard facts, Mr. President.

Basing prewar production on 1938 levels as 100 percent, Belgium and Luxemburg in 1951 had reached 146 percent. If we subtract the 125 percent envisioned by Mr. Hoffman from that figure, it indicates that industrial recovery in Belgium and Luxemburg has been 21 percent above the level deemed necessary by Mr. Hoffman.

Mr. President, here are the production figures for other European nations. I ask the Senators to listen well and determine for themselves if there is any necessity for our country to continue to strain its economy, run up a huge deficit, and expand our already enormous national debt to donate more unlimited billions in economic aid to these countries.

Denmark: Prewar, 100 percent; 1951, 162 percent.

France: Prewar, 100 percent; 1951, 138 percent.

Italy: Prewar, 100 percent; 1951, 144 percent.

Yet with all that progress, Mr. President, with all those clear-cut indications of good economic health, we are being asked to dump more billions into these countries.

I continue:

The Netherlands: Prewar, 100 percent; 1951, 148 percent.

Norway: Prewar, 100 percent; 1951, 154 percent.

United Kingdom: Prewar, 100 percent; 1951, 146 percent.

The average for all of the NATO countries in 1951, Mr. President, was 145 percent—20 percent more than Mr. Hoffman thought necessary.

Mr. Hoffman was emphatic and definite in his statement that when West European industrial production reached the goal of 125 percent, our job was to be done, they they could make it alone, under their own steam, from that time on out.

Mr. President, I do not ask the Senate to cut one penny of funds dedicated to military aid at this time, because I am not sufficiently informed on the subject. But I am saying to the Senate that we should by all means, if we are to be fair to our own people, cut the economic aid. In view of the marvelous progress that

has been made by all the countries in Western Europe, that aid is no longer necessary on the vast scale of past years. It can no longer be justified. To continue it will mean bringing bankruptcy nearer in our own United States.

As I pointed out on the floor of the Senate a few months ago, our bureaucrats are the ones who cry the loudest, that this so-called economic aid must be continued. And, I am sorry to say, Mr. President, they do not stop at just words. In order to make a better showing before the Senate and before the committees, our bureaucrats changed the yardstick they have been using to measure the economic progress of West European nations.

In the early days of ECA, the yardstick used was based on a percentage of prewar production. However, that whole picture was so bright, and showed so much progress being made, the administration saw the handwriting on the wall, their buggy ride, paid for by our taxpayers, was about to end. So they changed yardsticks. Instead of using the prewar 100 percent figure, the administration now uses 1948 as the 100 percent yardstick.

Of course, if we use 1948 instead of 1938, the whole picture is changed. It is still a good picture, but it makes a better talking point for more billions in economic aid, than the 1938 basis.

Using this new yardstick, Belgium and Luxemburg, for example, instead of showing 146 percent recovery, show 120 percent.

Denmark, instead of showing 162 percent, based on 1938 levels, shows, under the new formula, only 120 percent.

However, notwithstanding the fact that the yardstick has been changed, the average production index for all NATO countries is 125 percent, exactly the goal set by Mr. Hoffman when the program got under way.

Mr. President, I ask unanimous consent that a table showing the total increase in industrial production over prewar levels for West European nations and a table including this same data based on 1948 as 100, be printed in the RECORD at this point.

There being no objection the tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—Industrial production

[Index 1938=100]

Country	Total industrial production				
	1938	1948	1949	1950	1951 ¹
NATO countries:					
Belgium-Luxemburg.....	100	122	122	124	146
Denmark.....	100	135	143	159	162
France.....	100	111	122	123	138
Iceland.....	100	99	109	125	144
Italy.....	100	114	127	140	148
Netherlands.....	100	125	135	146	154
Norway.....	100	120	129	140	146
Portugal.....	100	116	126	135	145
United Kingdom.....	100	50	72	91	109
Total NATO.....	100	116	126	135	145
Germany.....	100	50	72	91	109
Total NATO plus Germany.....	100	97	110	121	134

¹ Estimate.

TABLE 1.—Industrial production—Continued

[Index 1938=100]

Country	Total industrial production				
	1938	1948	1949	1950	1951
Other OEEC countries:					
Austria.....	100	85	114	134	148
Greece.....	100	76	90	114	129
Ireland.....	100	135	154	170	176
Sweden.....	100	149	157	164	172
Switzerland.....	100	154	162	165	169
Turkey.....	100	154	162	165	169
Total OEEC countries.....	100	99	112	124	136

TABLE 2.—Industrial production

[1948=100]

Country	Total industrial production				
	1938	1948	1949	1950	1951 ¹
NATO countries:					
Belgium-Luxemburg.....	82	100	100	102	120
Denmark.....	74	100	106	118	120
France.....	90	100	110	111	124
Iceland.....	101	100	110	126	145
Italy.....	88	100	112	123	130
Netherlands.....	80	100	108	117	123
Norway.....	83	100	107	116	121
Portugal.....	83	100	107	116	121
United Kingdom.....	86	100	108	116	125
Total NATO.....	200	100	144	182	218
Germany.....	103	100	113	125	138
Total NATO plus Germany.....	103	100	113	125	138
Other OEEC countries:					
Austria.....	118	100	134	158	175
Greece.....	132	100	119	150	170
Ireland.....	74	100	114	126	130
Sweden.....	67	100	105	110	115
Switzerland.....	65	100	105	107	110
Turkey.....	65	100	105	107	110
Total OEEC countries.....	101	100	113	125	137

¹ Estimated.

Mr. ELLENDER. Mr. President, the Senate must be sensible about this matter. More all-out economic aid is not called for. If these countries themselves were sent up here to make a case for themselves, they could not do it.

It is our own people, Mr. President, our own bureaucrats who make a case for the foreign countries. Our own people do not take into consideration our economy. What I fear, Mr. President, and what I can see happening is this: If we continue to spend and spend and spend, and continue to increase our debt to such an extent that taxes become unbearable, we are going to kill the incentive of our people. If we kill incentive we will break our economy. And when our economy breaks, the United States of America is doomed. Nothing could please the Kremlin more than that.

I realize those are discouraging words, Mr. President. I wish they were not. But they are true. Let me call the attention of Senators to a few pertinent facts. Let me give the most recent figures that I have on national debts—European debts compared to our own.

The total debt of Belgium Luxemburg is \$5,000,000,000. The per capita debt is \$562.

The total debt of France—and France is going to get a large part of the amount

involved in this bill—is \$13,000,000,000; total per capita debt, \$313.

Here are some more, Mr. President. Compare them with our own.

Italy: Per capita debt, \$112.

The Netherlands: Per capita debt, \$637.

The per capita debt in the United Kingdom is \$1,401.

In the United States, Mr. President, the per capita debt is \$1,729.

And yet we are pouring billions of dollars into these countries. Can that be justified?

Mr. President, I ask unanimous consent that a table showing the total and per capita national debts of several European countries and the United States be incorporated in the body of the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

National public debts¹

Country	Total public debt ²	Per capita debt ³
Belgium-Luxemburg.....	\$5,000,000,000	\$562
France.....	13,000,000,000	313
Italy.....	5,200,000,000	112
Netherlands.....	6,500,000,000	637
United Kingdom.....	70,600,000,000	1,401
United States.....	260,000,000,000	1,729

¹ Basic data found on p. 79, hearings on 1953 Mutual Security Act.

² In round figures as of end of respective fiscal year 1951, expressed in terms of United States dollars.

³ Computed on population figures for respective nations, not including possessions. Those populations, rounded off, are as follows: Belgium-Luxemburg, 8,900,000; France, 41,500,000; Italy, 46,400,000; Netherlands, 10,200,000; United Kingdom, 50,400,000; United States, 152,000,000.

Mr. ELLENDER. Mr. President, let us now look at what this Nation is doing in the way of defending itself, and compare it with what other countries are doing in their defense. The figures I have here are in percentages.

Government expenditure for defense in Belgium and Luxemburg is 20.7 percent of their total government budget. Denmark is spending 18 percent; France, 22 percent; Italy, 26.7 percent; the Netherlands, 24 percent; Norway, 22 percent, and the United Kingdom, 29 percent.

Greece is spending 27½ percent of her budget for defense, and Turkey, 25 percent. The United States, Mr. President, is spending 68 percent—more than any nation I have mentioned. Yet we are being asked to spend more. And I should like to point this out to Senators, also:

If we add to the 68 percent the amount that we are now authorizing to be spent to assist our friends across the seas, the total figure is 75 percent.

Mr. President, we cannot possibly stand a burden of that kind much longer. It is not only a staggering burden, but an unfair one.

I have been in the Senate only 16 years. When I first came to this Chamber, the amount of money appropriated to operate all departments of Government, including the amount dedicated to paying the then existing debt with interest, along with everything else,

amounted to only approximately \$750,000,000 more than is now required to pay the interest—just the interest, Mr. President—on our national debt alone. Yet today we spend many times that amount—and our own Government agencies want us to spend more.

That is the picture. Yet, with all of that, we are being asked to dump more and more and more billions of our tax dollars into West Europe. All this despite the fact we have already spent in the countries of Western Europe sufficient money to increase the industrial capacity of those countries far beyond the original plan of Mr. Hoffman, far beyond the dream of any Senator, and far beyond the dream, I am sure, of any of the countries of Western Europe.

Mr. President, I ask unanimous consent that a chart depicting the amounts spent by western European nations and the United States for defense—as expressed in percentages of their respective gross national product and their total government expenditures, be incorporated into the body of the RECORD at this point in my remarks.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

Defense expenditures by NATO and Allied countries¹ (fiscal year 1952)

Country	Percent of gross national product	Percent of total Government expenditures
Belgium-Luxemburg.....	5.3	20.7
Denmark.....	2.7	13.0
France.....	9.3	32.2
Italy.....	5.0	26.7
Netherlands.....	7.0	24.0
Norway.....	5.0	22.2
United Kingdom.....	9.6	29.5
Greece.....	8.3	27.5
Turkey.....	5.4	25.2
United States.....	14.0	68.0

¹ Figures appeared in Newsweek issue of Jan. 14, 1952.

² This 68.0 figure climbs to 75 percent if our foreign arms aid is included.

NOTE.—United States spending nearly 5 times as much as other 9 nations in dollars.

Average expenditures: 9 NATO and allied countries spending 25 percent of total budgets on defense; United States spending nearly 75 percent. (See above note).

Mr. ELLENDER. Mr. President, I am sure that if at the beginning of this program we had indicated to the NATO countries that as soon as 120 percent of their prewar production level had been reached we would stop the program, they would have been perfectly satisfied. However, now that they are on the road to recovery quicker than was anticipated; now that they are getting all this fine, free money from us, and now that we are willing to continue dumping it into their laps, they will continue to ask for more. If we are foolish enough to continue hopping every time they say jump, it is no one's fault but our very own.

Mr. MUNDT. Mr. President, will the Senator from Louisiana yield to me this time?

Mr. ELLENDER. I yield.

Mr. MUNDT. First of all, I should like to congratulate the Senator from Louisiana for reading into the RECORD some very impressive and very informa-

tive statistics which I believe every American citizen should consider most conscientiously and most seriously these days. I hope they will be read by the glib editorial writers who advocate making endless gifts to Europe, in undetermined amounts; and I hope they will also be most seriously considered by various speakers, including administration spokesmen, who like to talk in such terms.

I am sure the Senator from Louisiana will recall that in the early days of the Marshall plan and the ECA, the target was to restore the economies of the other countries to their prewar level. Now that level has been exceeded in country after country.

Mr. ELLENDER. The economy of every West European country which received ECA aid has reached a point from 10 to 16 percent above the estimate made by Mr. Hoffman.

Mr. MUNDT. That is correct. As a consequence, we see the appalling situation, for the first time in generations, that on the international exchange the American dollar has less value than some foreign currencies. Some day some one will have to be answerable for ruining and wrecking the economy of the United States because of a glittering generality to the effect that it is easy to reach, by way of such a shortcut, the result everyone desires.

I should like to ask the distinguished Senator from Louisiana, who is a member of the Civil Functions Subcommittee of the Appropriations Committee, whether it is true that some of the projects in foreign countries which would be curtailed as a result of adoption of the amendment of the Senator from Louisiana are practically identical to projects in the United States which have had to be curtailed because of a lack of funds with which to construct them?

Mr. ELLENDER. That is true; we are being asked to curtail projects which are absolutely necessary if we are to continue to be a great Nation.

Mr. MUNDT. Precisely.

Mr. ELLENDER. The Senator from South Dakota well knows that unless we now arrest the flow into the ocean of the precious topsoil upon which our agriculture depends, we shall not remain the well-nourished and adequately-fed Nation we now are.

Yet because of the tremendous foreign expenditures, which we are being called upon to make in order to increase the industrial capacity of a few nations, far beyond their wildest dreams, many essential projects—such as soil-conservation projects—are being halted. That is being penny-wise and pound-foolish. We are inviting disaster.

Mr. President, unless we take note now, tomorrow it will be too late.

Mr. MUNDT. Mr. President, I agree completely with the Senator from Louisiana. As he well knows, not only is the problem of soil conservation a most serious one which presently confronts us, but we are confronted with many other meritorious projects, such as the St. Lawrence seaway and the many programs in our river valleys.

Some of those who now are proclaiming that we should not cut a single dime from this program for foreign aid, also are appearing before the committees and are saying to them, "Find a means of helping these programs of ours."

Today we are faced with the present debt limit of \$275,000,000,000. Unless we pay some attention to economy and unless we give some heed to the fact that we must protect the source of all the funds we are making available to foreign countries, we shall find ourselves completely the victim of the grand strategy of the Soviets, as announced by Lenin, namely, "Bankrupt America and you do not have to fight her."

Mr. ELLENDER. I am sure the Kremlin has been pursuing that cause—a course based on the approach that the only way to destroy democracy is to destroy it from the inside—bring it to bankruptcy, economic defeat, and wait for the inevitable result. Certainly we are actually doing that now, ourselves, by appropriating far beyond our ability to pay.

Mr. President, if this bill as it now stands is enacted into law, we shall spend billions of dollars in assisting foreign countries. That will mean that a great deal of the money thus authorized and subsequently appropriated will be spent to pay for labor and for other things which those countries need in order to buoy themselves up, just as today, in our own country we are spending—on our own defense—68 percent of all the funds we are appropriating. If it were not for that large defense expenditure, what, Mr. President, do you think would become of our economy?

Mr. MUNDT. I should like to ask a question of the distinguished Senator from Louisiana, if I may do so. I wish to ask him whether he agrees with me that we should keep in mind that these great spending projects abroad have been undertaken in an era of world-wide prosperity. However, suppose that several years from now we were to confront an era of world-wide depression: Then what would the Senator from Louisiana expect the burden of this country would be, if in such a period we undertook a world-wide WPA program, which as such a time would certainly be more important than it would be in a period of prosperity?

Mr. ELLENDER. Mr. President, a moment ago I stated that we embarked on the ECA program for the express purpose of trying to fight communism, stopping it from spreading over Europe and the free world, and trying to unite all the freedom-loving people.

If we continue to spend at the rate at which we now are spending, and if war does not come—and I indeed pray that war will not come—we shall have tons upon tons of war matériel on our hands 5 or 10 years from now. The time will come when we shall have to stop these expenditures, unless war comes. Whenever that time comes, it is possible that we shall bring to our own shores the very thing we are fighting against now. In short, it is my considered judgment that unless a government makes available to its people their basic needs,

that country is in for trouble, sooner or later.

So, Mr. President, if we continue to spend at the rate at which we now are spending, and if we continue to dissipate our God-given natural resources at the present rate, the time will not be far distant when our Nation will not be able to provide its people with their basic needs; and the moment that time comes, we are in for trouble.

Mr. MUNDT. Mr. President, will the Senator from Louisiana yield further to me?

Mr. ELLENDER. I yield for a question.

Mr. MUNDT. The Senator from Louisiana is a great student of communism, and he has made trips throughout the world, studying the behavior of people in their own countries. So I should like to ask him this question: If we were to accept the philosophy of some of our colleagues in the Senate, who apparently believe that the only road to peace is by means of so-called billion dollar diplomacy, and who apparently believe that the only way to stop communism is to spend, abroad, billions and billions and billions of dollars, endlessly and continuously taken from the pockets of the hard-working American taxpayers, when would the Senator from Louisiana think the need for American money to be spent abroad would be the greatest, so far as stopping communism was concerned? In other words, would the need be greatest while the foreign countries were living in a period of prosperity, such as that they now enjoy—at this time when their economy is well over 100 percent of its prewar level; or would their need be greatest in a period of depression, when they would find themselves without work and perhaps without food?

Mr. ELLENDER. Of course, there can be no question about that; and such a situation may develop here. No one can be sure. Of course, the time will come—for it is just a question of time, and that time is not far off—when we shall have to make reductions in our foreign expenditures—both military and other—if we are to save our own economy.

Mr. MUNDT. Precisely.

Mr. ELLENDER. Of course, I am assuming that war will not come.

If war does come, what will happen will be anyone's guess.

On the other hand, if we do not check these expenditures—in other words, if we continue to pour our money into the countries of western Europe—the people of those countries will simply continue to think that money grows on trees in the United States. Thereafter, when we finally cut off the gifts, we shall be in just as bad a way with them as at any time in the past. Certainly such a time is coming.

Mr. MUNDT. The Senator from Louisiana has demonstrated the fact that in country after country there is project after project which now is being built with the use of American money—projects which the people of those countries turned down by their own decision during periods of prosperity before the war, when they would have had to spend their own money in order to develop them.

Mr. MALONE. Mr. President, will the Senator from Louisiana yield to me? Mr. ELLENDER. I yield.

Mr. MALONE. I am highly gratified to hear the distinguished Senator from Louisiana make the argument he is making today.

In 1948, when we first passed the Marshall plan, I was astounded to discover that all the countries of Europe were within 1 percent or 2 percent of recovery. That was the situation in the case of the western European countries, with the exception of Austria and Germany, whose progress was deliberately being held back.

So I ask the distinguished Senator from Louisiana whether he is aware that a recent election held in Italy showed more Communist votes than were cast in 1947, before we began the Marshall plan? It is startling to realize that that situation exists after we have spent or invested \$1,300,000,000 in our Italian foreign-aid program, and after it is apparent that when we do so we are denying such aid to the taxpayers of the United States, although we are giving it to the Italians. Is the Senator from Louisiana aware of that situation?

Mr. ELLENDER. Yes, I am; and the reason for the Marshall plan, as I indicated a while ago, was to place those nations in such a position that they could defend themselves, and the rest of the free world, in the event that Russia marched against us. I repeat, now that these nations have reached that position, and especially since production goals have been reached so far ahead of the time our planners originally calculated, they ought to be satisfied. The Senate can and must make this \$500,000,000 reduction, which I believe legitimate and necessary if we are to remain strong. As a matter of fact, I intended to ask a \$1,000,000,000 reduction, but in view of the recent votes, and the opinion that prevails here today, that seemed out of the question. So I decided I would do my best and at least make a start. I think we can well do just that.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for one more question. I have but 3 minutes remaining.

Mr. MALONE. I should like to ask the distinguished Senator whether he recalls, as I am sure he does, that in the debate in 1948 it was said by the junior Senator from Nevada that there was no problem connected with establishing an industrial plant in any country at any place where it is shown that markets existed. It was not shown that they had the markets. They were expecting to divide our markets. It was thought by at least a majority of the Senate, as indicated by the vote, that all that would be necessary would be to build up the industry of Europe, and the problem would be solved. As a matter of fact, that has aggravated the problem. Is that what the distinguished Senator from Louisiana is trying to say?

Mr. ELLENDER. Perhaps not exactly that, but we both have the same goal in mind.

Mr. MALONE. In other words, we divide our markets.

Mr. ELLENDER. Yes; I understand.

Mr. MALONE. We make it necessary, because we do not allow them to sell the goods here. They have as a result greater industrial capacity than they know what to do with.

Mr. WELKER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. WELKER. I shall be very brief. I want to say to my distinguished colleague that his address has been the most profound address I have heard upon this subject since the consideration of the bill began. I ask the Senator whether he is not concerned about the many pairings we have had on these votes, resulting, in other words, in legislation by absenteeism?

Mr. ELLENDER. That is a custom of the Senate.

Mr. WELKER. Yes, but a very bad one.

Mr. ELLENDER. Mr. President, a moment ago, before I was interrupted—and I did not mind the interruptions—I was pointing out that, percentagewise, the total defense expenditure by the United States is 68 percent. If we add to that the amount called for in the pending bill, the total will increase to over 75 percent. To that should be added the amount we are now appropriating for the veterans of past wars, for the Voice of America, and other international programs. Over 85 percent of our proposed budget for 1953 will go toward helping us preserve our freedom in the future as well as in taking care of liabilities which have resulted from past wars. In the matter of percent of national gross product dedicated to defense, we are far ahead, of course, of all other countries of the world. Belgium spends 5.3 percent; Denmark, 2.7 percent; France, 9.3 percent; the Netherlands, 7 percent; Norway, 5 percent; the United Kingdom, 9.6 percent; Greece, 8.3 percent; Turkey, 5.4 percent; and the United States, 14 percent.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed in the RECORD following my remarks some additional tables which emphasize why this economic aid must be reduced.

The PRESIDING OFFICER. Is there objection?

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Armament expenditures expected during 1953 (fiscal)

	Amount	Percent of estimated national income
West Germany ¹	\$2,677,500,000	10.5 (1952 figure none).
United Kingdom	4,846,800,000	12.8 up 3.2 from 1952.
France	3,571,428,571	11.0 up 1.7 from 1952.
United States	\$57,000,000,000	17.6 up 3.6 from 1952.

¹ Contingent upon her joining NATO.

² Approximate.

NOTE.—These figures set by NATO Executive Board in February 1952.

Comparative expenditures for defense by Allied Powers 1938-52 compared to gross national product (percent)

	1938	1948-49	1949-50	1950-51	1951-52
United States.....	1.2	4.7	5.1	7.3	14.0
United Kingdom.....	6.5	6.3	5.8	5.7	9.6
Canada.....	.7	1.7	2.3	4.4	8.3
France.....	7.3	5.8	6.1	6.9	9.3
Netherlands.....	1.5	7.4	4.0	4.6	7.0
Belgium-Luxemburg.....	2.6	1.7	2.5	2.6	5.3

ECONOMIC COOPERATION ADMINISTRATION

United States has spent nearly \$12,000,000,000 (roughly \$11,800,000,000 as of December 31, 1951). This breaks down to nearly \$80 for every man, woman, and child in the United States.

Contribution table

United States.....	\$11,800,000,000
European nations (via counterpart funds).....	9,000,000,000

Breakdown of United States funds

Five and five-tenths billions, purchase of industrial commodities.

Five and two-tenths billions, purchase of food and agricultural commodities, such as cotton.

Eight hundred million, cost of ocean freight for goods sent to Europe.

Four hundred and fifty million, creation and maintenance of European Payments Union.

Counterpart funds have built 27 major products for the increase of power (this is biggest use of counterpart funds); built 23 major projects for modernizing and expanding iron and steel production; modernized some 11 major petroleum refining works.

Lend-lease and economic aid for all countries

1940-51.....	\$85,351,000,000
Less returns.....	10,836,000,000
Net aid.....	74,515,000,000

This \$74,515,000,000 total includes United States investment in the International Bank and Monetary Fund. If this contribution is removed, it drops to \$71,130,000,000.

With the United States population at 152,000,000, the per capita cost of the 11-year period is \$474.50 for every man, woman, and child in this country.

Foreign grants by the United States (in millions of dollars): Total war and postwar periods, \$71,264,535; war period,¹ \$48,128,297; postwar period,² \$23,136,238.

United States expenditures for military services (in billions of dollars)

	Includes lend-lease	Percent of budget
1945.....	84.6	85.7
1948.....	11.0	32.4
1949.....	11.9	29.7
1950.....	12.3	30.6
1951.....	20.5	45.8
1952.....	39.8	56.1
1953.....	51.2	59.9

NOTE.—Total percent of United States budget for foreign military, economic, and foreign relations (1953): Domestic military..... 59.9 International security and foreign relations. +12.7

Total percent of total United States budget..... 82.6

Mr. SMITH of New Jersey. Mr. President, in the absence of the chairman, and as the only member of the Foreign Relations Committee on the floor at the moment, I yield myself 5 minutes,

¹ July 1, 1940, through June 30, 1945.

² July 1, 1945, through June 30, 1951.

following which I shall yield to other Senators who may desire to speak.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 5 minutes.

Mr. SMITH of New Jersey. Mr. President, I am very much interested in the suggestions and remarks made by the Senator from Louisiana. I may say that, generally speaking, if the situation were to me what it seems to be to him, I should be in line with his reasoning. But, Mr. President, the committee gave full consideration to this whole situation, and that is why the committee made the recommendation on page 3 to which the Senator has referred. Let us bear in mind that we are dealing with title I of this bill, which has to do with North Atlantic countries and which has to do with taking care of the NATO program. That is what we are discussing.

Mr. President, the ECA was wound up during the past year because, as the Senator from Louisiana so properly said, it had accomplished its immediate objective. As a matter of fact, it accomplished that with a saving of approximately \$5,000,000,000 compared to what was originally anticipated. When the ECA was set up under Mr. Paul Hoffman, it was expected that the expense of it over the period it was to run—that is, until 1952—would be \$17,000,000,000. When it was finally wound up, the overall expense of it had been \$12,000,000,000. The ECA, through legislation enacted last year, was definitely wound up.

Why, then, do we continue foreign-aid appropriations, Mr. President? We do so because of the NATO situation, because of the threat of aggression from Russia, because of the need of military security in Western Europe, because of our negotiations with our allies, under the brilliant leadership of General Eisenhower, to see what they can contribute in manpower and what we can contribute of our financial resources to help build up the collective security. As a result, at the recent Lisbon Conference those countries stated they were prepared to defend themselves with a certain number of divisions. We are not giving them a single division this year or a single man, but we are called upon to meet the need of equipping them, if they are to attain the goal of 50 divisions, as contemplated at Lisbon.

In the bill reference is made to defense assistance. It is to be defense assistance in what form? It is to be defense assistance in the simple form of setting up plants in Europe so that they can begin to make their own military end items for the purpose of equipping their own armies in the future. That is what this item is for. In the original bill the amount was fixed at \$1,800,000,000, but following careful study by our committee, it was believed that it could be reduced to one-billion-five-hundred-million-dollars plus.

I have stated the reason for this provision. It is definitely a part of the program. In the report of the Committee on the Present Danger, of which Dr. Conant, of Harvard, is chairman, it is pointed out that as the result of our con-

tributing \$5,100,000,000 now, our allies will contribute the equivalent of \$14,400,000,000 to this program this year, in order to set up these divisions. There is no other purpose. There is to be no further raising of the economy of Europe at all. It is simply to help them because of the demand upon them for their manpower, which has been taken from their industries, that we make this contribution toward building up these divisions.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

Mr. SMITH of New Jersey. I yield.

Mr. AIKEN. Will the Senator estimate what part of the mutual security funds appropriated by this Congress have ever left the United States?

Mr. SMITH of New Jersey. A great deal of the money which goes abroad goes in the form of military end items.

Mr. AIKEN. Is it not a fact that a very small percentage of it ever leaves this country?

Mr. SMITH of New Jersey. In the case of defense assistance \$1,500,000,000 goes to assist the nations abroad in establishing their plants to make their own end items. But that is a very small amount in money. Most of it is in machinery and goods.

The PRESIDING OFFICER. The time of the Senator from New Jersey has expired.

Mr. SMITH of New Jersey. Mr. President, I yield myself another minute to reinforce this point, and then I shall yield 6 minutes to the distinguished Senator from New York [Mr. LEHMAN].

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. AIKEN. I understand that only a very small part of the appropriations we make ever leaves the United States. They remain here, making business for our industries and our agriculture.

Mr. SMITH of New Jersey. Undoubtedly. The Senator is perfectly correct.

Mr. AIKEN. Sustaining our own economy fully as much as the European economy is sustained.

Mr. SMITH of New Jersey. That is correct.

I want to make it perfectly clear that we are helping foreign nations to build up their plants so that they can make their own end items, to equip their own divisions, to defend their own lands, which they should be doing and not calling on us, in case of another war, to send our boys over there to be killed.

Mr. FERGUSON. Mr. President, will the Senator from New Jersey yield?

Mr. SMITH of New Jersey. I yield.

Mr. FERGUSON. Does the Senator imply from the question of the Senator from Vermont [Mr. AIKEN] that this is an economic-aid program for the benefit of the United States, and because we are spending the money here we should appropriate it?

Mr. SMITH of New Jersey. No; I do not imply that at all. I am simply stating the fact, as the Senator from Vermont pointed out, that in giving this defense aid abroad, the money is to be spent in this country and it does aid us to that extent.

Mr. FERGUSON. Does not much of the money go to buy raw materials, such as copper, and so forth?

Mr. SMITH of New Jersey. Yes, some of it, of course.

Mr. AIKEN. As a matter of fact, the economic prosperity of the United States is not the purpose, but it is the effect?

Mr. SMITH of New Jersey. That is correct.

Mr. President, I now yield 6 minutes to the distinguished Senator from New York [Mr. LEHMAN].

I have been acting in the absence of the Senator from Texas [Mr. CONNALLY].

Mr. CONNALLY. I hope the Senator will continue.

Mr. SMITH of New Jersey. I thank the Senator from Texas.

Mr. LEHMAN. Mr. President, I have listened carefully to the remarks of the distinguished Senator from Louisiana [Mr. ELLENDER]. His amendment is, I believe, based on a completely fallacious thesis. He seeks to give the impression that we are giving a "hand-out" to certain European nations. That was shown by the remarks of the Senator from South Dakota [Mr. MUNDT], who referred to defense support as a world WPA.

Instead of that, I am convinced that economic aid to our friends and allies abroad is of the most outstanding importance. We formed the Marshall plan originally for the purpose of strengthening the economies of the countries of Western Europe. Apparently its success has brought about a movement to lessen foreign aid, important and useful to our country as has been its splendid record.

The growth and the strengthening of the economic life of the freedom-loving nations of Europe has been of tremendous assistance to us. It has improved the economy of the nations of the world and has brought about a stabilizing of our own economy. We now propose to continue our help and to further strengthen their economy and their ability to defend themselves, not for parochial or local interests, but in order to help them to help themselves. This is a partnership, Mr. President. We help those countries to build up their armies first, because we feel we must have a secure Europe and that a secure Europe will mean a secure United States and a secure free world.

When the Congress did away with the Economic Cooperation Administration last year it established the Mutual Security Agency, but it defined very clearly and definitely the exercise of the powers which were given to the Mutual Security Agency. The purpose was to carry out the programs designed to sustain and increase military effort, including production and construction of equipment and matériel in each country.

Mr. President, I want to point out that great emphasis was laid on the use of proposed defense support funds in order to increase the assistance to those countries so that they—who are our partners in Western Europe—will build up their own military defenses. We have urged them to do so. We know that the strengthening of their military defenses

is absolutely essential for our own security. Yet, when it is proposed that we give them the means to build up their military defenses through the economic assistance which we propose to render to them, objection is now raised.

The assistance which we give under the defense-support program will be administered, of course, in the same way as aid under the Marshall plan; namely, the United States will provide dollars which will be used by the country receiving assistance. But these dollars will be used only for the purchase of specific commodities and services which can be purchased with dollars.

I want to point out that the commodities purchased will, however, be primarily to assist Western Europe to carry on its expanded defense efforts and not to assist in economic recovery save as such recovery can help our joint defense efforts.

Mr. President, the projected increase in European defense expenditures obviously means that Europe will have less capacity to produce goods for export which is the only means by which dollars can be earned. Therefore more dollars, will, in fact, be needed to buy raw materials, machinery, fuel, and other items essential to support increased military production. The result is that Europe, without our assistance, cannot earn sufficient foreign exchange to pay for the necessary imports. That, in turn, means, Mr. President, that Europe will be deprived of the power and the ability to cooperate with us to the full extent necessary in producing essential military matériel. We have been talking for months and months about the need of Europe holding up its own end in producing military matériel and building up its own armed forces. We are now discussing a plan which would render them substantially impotent to do these very things which we have been urging so long and so vigorously.

I think the amendment which is before us is based on a fallacy, and it is highly dangerous. I believe it would destroy our whole program of mutual security and mutual assistance beyond almost anything else of which I have knowledge. I very much hope the amendment will be defeated.

Mr. SMITH of New Jersey. Mr. President, I yield 5 or 6 minutes to the Senator from Oklahoma [Mr. MONRONEY].

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 6 minutes.

Mr. MONRONEY. Mr. President, I take the floor at this time to express the hope that the Senate, in less than 1 hour of debate, will not upset and overturn by an irresponsible act the judgment of two great committees of the United States Senate.

I do not believe this great body should make a 40-percent cut in the amounts appropriated for economic assistance to Western Europe which is what the pending amendment permits, authorizes, and declares. After both the Committee on Foreign Relations and the Committee on Armed Services, following weeks of study, have determined what should be a part and parcel of our efforts to con-

tain communism and keep the cockpit of the free world of Western Europe from being taken and put behind the iron curtain, I do not believe their recommendations should be turned down by the Senate after only 1 hour's discussion of the important measure now under consideration.

The pending amendment, if adopted by the Senate, will reduce economic aid by \$735,000,000 below the President's budget. These sums were investigated, studied, and carefully prepared by some of the finest men who ever have served this Government, men who have worked on ECA and the Mutual Security Pact. They did not arrive at this figure by guesswork or by the use of a slide rule.

They arrived at it by being on the ground, seeing the needs, and determining just what effect our joint efforts for a North Atlantic Pact army was going to have on the thin economy of the countries of Western Europe. Every member of the two great committees I have mentioned with whom I have had a chance to discuss this matter have told me personally that their opinion has been changed from last year to this year, so much so that they believe, speaking from a military standpoint, that the money that will be spent in economic assistance will carry as great a weight in preserving the freedom of Western Europe as the money spent on military matters.

We are not buying friendship in this approach. If we were buying friendship, then we have thrown away perhaps ten or twenty billion dollars.

Europe's friendship is not for sale. We as a great nation do not wish the free peoples of Western Europe to come before us on their knees, thanking us for a crust of bread. We are in this movement because we believe the free way of life is worth fighting to preserve for ourselves and for other human beings.

If it is worth fighting for, it is worth helping to keep free those people whose normal cultural and political relations, whose freedoms and aspirations for living in a free world, are the same as ours.

We are not trying to buy friendship, but we are trying to strengthen the friends we have in this world. We know it is hard to extend friendship once the iron curtain is dropped between us and the free peoples of Western Europe. So I plead that Senators not vote hastily and make the proposed disastrous cut.

I tried to outline how carefully the experts on the ground prepared this budget. Three committees of the United States Senate—not one committee, but three—have figured how much money we need to spend. They have examined the program carefully. No piece of legislation and no expenditures have been subject to finer combing than the bill and the funds for assistance by way of foreign aid to Europe and to Asia.

Our committees not only investigated it one time, through the Committee on Foreign Relations, but we then turned the matter over to the Committee on Armed Services, and then we have another look at it in the Committee on Appropriations.

I say that with that careful consideration, with the budget already care-

fully scrutinized, there will not be many items that will slip by the distinguished men who consider this measure on both sides of the aisle.

In addition, there were two committees of the House of Representatives which considered and checked every item in this bill, the Committee on Foreign Affairs, and the Committee on Appropriations. I hardly think any members of those great committees would have been inclined to tolerate or permit any waste.

Mr. President, we have an investment in this program. We are going up the hill. We can see victory ahead. But I say this is the wrong time, when we are approaching success, to chop 40 percent from the budget requests that have been made for this type of assistance.

This year we are spending on our own military defense \$65,000,000,000. Is that going to be a wise expenditure, if in Europe we do not have free nations that can hope to join and participate in the North Atlantic Treaty armies?

We are asking actually that this cut not be permitted. The \$500,000,000 that we and the committee members think is highly important to our own military defense, is but eight thousandths of 1 percent of what we are spending on our own military preparedness.

I say it is pretty cheap insurance to be sure that communism does not collapse these yet remaining free friends we have in Western Europe by internal infiltration. We must go forward there with a program of a well rounded armament, and economic stability that will have a chance to work.

Internal collapse is just as dangerous as military aggression. We have seen the success of this program so far. I think we are winning the cold war in Western Europe. I think the sands have run through the hour-glass on the time when the Kremlin can strike and walk across Western Europe to the English Channel and the Atlantic Ocean, without fear of crippling cost.

If this program is succeeding, then I say it is a poor time today to try to cut down on a program that almost every Member of this body knows is being successful in lessening the chance of world war III from occurring. We are trying to buy insurance.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. SMITH of New Jersey. I yield one additional minute to the Senator from Oklahoma.

Mr. MONRONEY. We are trying to buy insurance against the occurrence of world war III. World War II cost \$400,000,000,000 in money alone, not to mention the loss in human life. If the same effort went into world war III, the cost today would be \$1,000,000,000,000 or more.

The expenditures that are being voted by Congress, and the program we are trying to develop, are in an effort to prevent the outbreak of world war III. Let us not wreck that program with a hasty, ill considered, reckless cut in the foreign aid program at this time.

Mr. SMITH of New Jersey. Mr. President, I yield 2 minutes to the Senator from Maine [Mr. BREWSTER].

Mr. BREWSTER. Mr. President, in submitting its report on the mutual security bill, the Committee felt it had done the best it could. It had arrived at a unanimous agreement, and believed it had made a very earnest approach toward eliminating what I think many of us felt had perhaps been some extravagance in the administration of the Mutual Security Program.

There is a provision in the bill about which I wish to ask the chairman. Concerned, as many of us are, with the American merchant marine, and with the amendment which was adopted to the original act, providing that 50 percent of the matériel sent under the act should go in American bottoms, since we have now taken over control of the seas, by reason of the waiver of the British, we are no longer able to carry the burden, and so the maintenance of our merchant marine is a very vital factor.

I invite the attention of the chairman of the committee to a provision on page 20, section 408 (e), of the act, in which there is a change in the provision which formerly was in effect. It is covered in the committee report on page 57. I am concerned about the amendment to section 408 (e) of the act, that the provisions of section 409, the 50 percent shipping provision, shall not apply to equipment, materials and commodities made available under this subsection.

The committee report says that the amendment applies only to such materials as are furnished to a foreign nation without cost to the United States, and with the foreign nation's free funds.

However, the report also says that such materials may be supplied on a reimbursable basis, and I desire to state it as my understanding that through no financial transaction of refunding or reimbursement can the 50 percent shipping provision be circumvented as to such materials made available under the act at the expense of the United States.

I trust the chairman will indicate that he agrees with this construction which has been placed upon the act.

Mr. CONNALLY. I agree with that view. In cases where the foreign government buys the material in this country and pays for it, then the restriction on the shipment in our vessels does not apply.

Mr. BREWSTER. The case is one which cannot be attributed in any way to origin in this country.

Mr. CONNALLY. No.

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. BREWSTER. I thank the Senator from New Jersey.

Mr. SMITH of New Jersey. Since our time is short, I yield 3 minutes to the Senator from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. President, as I understand the purpose of the pending amendment, it is to strike out a very material part of the defense support aid that is provided for in title I of the bill. I sometimes think perhaps a good many

of us do not understand fully just what the defense support program calls for. Some think of it as being merely a continuation of the Marshall plan or as being economic aid. I do not believe it should be thought of in that way. As a matter of fact, it is aid to enable the countries which are raising divisions and which are building the mutual security defense program to manufacture some of the items which otherwise we would have to manufacture and send to them. It was testified many times before our committee that it had been calculated that under the defense support program \$1 would provide as much defense as \$2.50 of our own money spent in the manufacture of such goods in this country.

It seems to me that this program represents an economical method of obtaining some very good defense, and inducing European countries to do the things which we have been saying they ought to do, namely, to participate in the program to the fullest extent of their own ability. Many of them have productive capacities which may lack machinery, raw materials, or some other element which prevents them from being able to produce munitions and goods which otherwise they could produce. The purpose of this program is to enable them to produce the goods themselves.

Mr. President, I believe that if we were to cut the bill, we could better afford to cut the straight military aid part of the bill than the defense support part, because every dollar which we spend for this purpose is the equivalent of \$2.50 of our own money which we would have to spend in order to manufacture the end items to send to our allies.

I should like to read an excerpt from the telegram which was sent to the able chairman of our committee by General Eisenhower when the chairman of our committee asked him to comment on proposed reductions in the bill. I read the portion relating to the defense support part of the bill. General Eisenhower said:

Reductions in defense support would have a peculiarly adverse effect, since available production facilities in Europe could not be put to use for lack of a critical fraction of their raw materials and other requirements. This would mean of course that nations depending upon receipt of scheduled end items or materials could not make maximum use of available manpower, manufacturing facilities, and training installations.

Mr. President, I close with the statement that when we cut this particular item we are doing the greatest damage we could possibly do to the proposed program.

Mr. SMITH of New Jersey. Mr. President, how much time have I left?

The PRESIDING OFFICER. The Senator has four minutes remaining.

Mr. SMITH of New Jersey. I yield 1 minute to the Senator from Arkansas [Mr. FULBRIGHT], 1 minute to the Senator from Minnesota [Mr. HUMPHREY], and the remainder of the time to the chairman of the committee [Mr. CONNALLY].

Mr. FULBRIGHT. Mr. President, I wish to associate myself with what the Senator from Alabama [Mr. SPARKMAN] has said, I believe that if we were going to change the relationships in the bill, it would be far more profitable and efficient, from our point of view, to put more money into the defense-support angle, and permit the European countries to utilize their industrial potential for the manufacture of the end items, than to undertake to do in this country as much as is provided for in the bill.

The American Farm Bureau Federation presented certain amendments along this line which I sponsored in the committee, recognizing that the real integration of European economy with our own would entail increased industrial production in Europe, under an arrangement whereby we would supply certain raw material. In my judgment this would be the worst possible place to make a reduction in the bill.

Mr. SMITH of New Jersey. Mr. President, I yield 1 minute to the Senator from Minnesota [Mr. HUMPHREY].

Mr. HUMPHREY. Mr. President, I hope the Senate understands that this amendment is pinpointed toward a particular item. The two previous amendments, one calling for a reduction of \$500,000,000 and the other for a reduction of \$400,000,000, applied to the entire bill.

The pending amendment amounts to a reduction of 33½ percent in economic aid which is directly related to the defense of Western Europe.

We should have learned by now that "too little and too late" is a disastrous policy. I submit that to cut this item by \$580,000,000 would result in too little, and would make the delivery of the necessary goods for the defense of western Europe too late.

What more is needed to emphasize the importance of the international situation than what is going on in Eastern Germany and around Berlin. The Senate ought not to retreat before the Soviet attacks upon us in Western Europe. We ought to make the defense of Western Europe impregnable; and we can do it if we follow the outlines of the pending bill.

Mr. SMITH of New Jersey. Mr. President, I yield the remainder of the time to the chairman of the committee [Mr. CONNALLY].

Mr. CONNALLY. Mr. President, I regret to take the time of the Senate. I am very much opposed to the amendment offered by the Senator from Louisiana [Mr. ELLENDER]. It represents another "sappers'" movement, as it were. We know what the sappers are in the military world. They cut down and undermine. That is what this amendment would do. I do not mean that it is intended to do so, but the effect of it would be a sappers' operation.

I believe that the Committee on Foreign Relations and the Committee on Armed Services have done a good job. They have brought forth a bill which, so far as the voting has gone, has been sustained by the Senate. Now, at the last moment, a proposal is made to effect a reduction of \$580,000,000. The pro-

ponents of reductions say, "Cut it off. Turn it around and we will chop it on the other side. If we fail on that side, turn it over again and we will chop off some on the other side."

Mr. President, I am voting for the bill because I am an American. I am not a Dane, but I sympathize with the Danes. They are close to Russia. When the Russians begin to move, they will bowl over the Danes unless they operate in conjunction with their allies.

I am not a Hollander, but I have sympathy for the Dutch, because Holland is a gallant little country which has written its name in the history of the past. I am not a Belgian, but I am voting to help the Belgians because it helps the United States.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. CONNALLY. I hope the Senate will remain true to what it has already done, and reject amendments to slash, cut, trim, mash, and wash the bill down to the point where it will not amount to very much.

The PRESIDING OFFICER. The time of the Senator from Texas has expired. All time has expired.

The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

Mr. BRIDGES. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hendrickson	Moody
Anderson	Hennings	Morse
Bennett	Hickenlooper	Mundt
Benton	Hill	Neely
Brewster	Hoey	Nixon
Bricker	Holland	O'Connor
Bridges	Humphrey	O'Mahoney
Butler, Md.	Hunt	Pastore
Butler, Nebr.	Ives	Robertson
Capehart	Jenner	Russell
Carlson	Johnson, Colo.	Saltonstall
Case	Johnson, Tex.	Schoeppel
Chavez	Johnston, S. C.	Smith, Maine
Clements	Kem	Smith, N. J.
Connally	Kilgore	Smith, N. C.
Cordon	Lehman	Sparkman
Dirksen	Lodge	Stennis
Douglas	Long	Taft
Dworschak	Malone	Thye
Eastland	Martin	Tobey
Ellender	Maybank	Underwood
Ferguson	McCarran	Watkins
Frear	McCarthy	Welker
Fulbright	McFarland	Williams
George	McKellar	Young
Green	Millikin	
Hayden	Monroney	

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

Several Senators requested the yeas and nays.

The yeas and nays were ordered and the legislative clerk proceeded to call the roll.

Mr. STENNIS (when his name was called). On this vote I have a pair with the senior Senator from Virginia [Mr. BYRD]. If he were present and voting he would vote "yea." If I were permitted to

vote I would vote "nay." I withhold my vote.

Mr. McCARTHY (when his name was called). I am informed by my colleagues that the Senator from Washington [Mr. MAGNUSON] felt he had a pair with me on voting on all these amendments. Under the circumstances I must respect the pair, and announce that I have a pair with the senior Senator from Washington [Mr. MAGNUSON]. If he were present and voting he would vote "nay." If I were permitted to vote I would vote "yea."

The roll call was concluded.

Mr. JOHNSON of Texas. I announce that the Senator from Virginia [Mr. BYRD], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

The Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], and the Senator from Arkansas [Mr. McCLELLAN] are absent by leave of the Senate.

The Senator from Connecticut [Mr. McMAHON] is absent because of illness.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a delegate from the United States to the International Labor Organization Conference, which is to meet in Geneva, Switzerland.

I announce further that if present and voting, the Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Connecticut [Mr. McMAHON], the Senator from Montana [Mr. MURRAY], and the Senator from Florida [Mr. SMATHERS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN] and the Senator from California [Mr. KNOWLAND] are absent by leave of the Senate.

The Senator from Pennsylvania [Mr. DUFF] and the Senator from Nebraska [Mr. SEATON] are necessarily absent.

The Senator from Montana [Mr. ECTON] and the Senator from North Dakota [Mr. LANGER] are absent on official business.

The Senator from Vermont [Mr. FLANDERS] and the Senator from Wisconsin [Mr. WILEY] are absent by leave of the Senate for the purpose of attending the Conference of the International Council for Christian Leadership at The Hague.

If present and voting the Senator from Pennsylvania [Mr. DUFF] and the Senator from Vermont [Mr. FLANDERS] would each vote "nay."

On this vote the Senator from Washington [Mr. CAIN] is paired with the Senator from Wisconsin [Mr. WILEY]. If present and voting the Senator from Washington would vote "yea" and the Senator from Wisconsin would vote "nay."

The result was announced—yeas 34, nays 43, as follows:

YEAS—34		
Bennett	Ferguson	Mundt
Bricker	Hickenlooper	Schoeppel
Bridges	Jenner	Smith, Maine
Butler, Md.	Johnson, Colo.	Smith, N. O.
Butler, Nebr.	Johnston, S. C.	Taft
Capehart	Kem	Thye
Carlson	Long	Watkins
Case	Malone	Welker
Cordon	Martin	Williams
Dirksen	McCarran	Young
Dworshak	McKellar	
Ellender	Millikin	

NAYS—43		
Aiken	Hennings	Morse
Anderson	Hill	Neely
Benton	Hoey	Nixon
Brewster	Holland	O'Connor
Chavez	Humphrey	O'Mahoney
Clements	Hunt	Pastore
Connally	Ives	Robertson
Douglas	Johnson, Tex.	Russell
Eastland	Kilgore	Saltonstall
Frear	Lehman	Smith, N. J.
Fulbright	Lodge	Sparkman
George	Maybank	Tobey
Green	McFarland	Underwood
Hayden	Monroney	
Hendrickson	Moody	

NOT VOTING—19

Byrd	Kerr	Murray
Cain	Knowland	Seaton
Duff	Langer	Smathers
Ecton	Magnuson	Stennis
Flanders	McCarthy	Wiley
Gillette	McClellan	
Kefauver	McMahon	

So Mr. ELLENDER's amendment was rejected.

Mr. McFARLAND. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. CONNALLY. Mr. President, I move to lay on the table the motion to reconsider.

The VICE PRESIDENT. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 302) to amend section 32 (a) (2) of the Trading With the Enemy Act.

AMENDMENT OF SECTION 32 (A) (2) OF TRADING WITH THE ENEMY ACT—CONFERENCE REPORT

Mr. McCARRAN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 302) to amend section 32 (a) (2) of the Trading With the Enemy Act. I ask unanimous consent for its present consideration.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 302) to amend section 32 (a) (2) of the Trading

With the Enemy Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: "That the third proviso in subdivision (D) of paragraph (2) of section 32 (a) of the Trading With the Enemy Act, as amended, is amended to read as follows: 'And provided further, That the aggregate book value of returns made pursuant to the foregoing proviso shall not exceed \$9,000,000; and any return under such proviso may be made if the book value of any such return, taken together with the aggregate book value of returns already made under such proviso does not exceed \$9,000,000; and for the purposes of this proviso the term "book value" means the value, as of the time of vesting, entered on the books of the Alien Property Custodian for the purpose of accounting for the property or interest involved;'"

And the House agree to the same.

PAT McCARRAN,
WILLIS SMITH,
WM. LANGER,
WM. JENNER,

Managers on the Part of the Senate.

J. PERCY PRIEST,
OREN HARRIS,
DWIGHT L. ROGERS,
CHAS. A. WOLVERTON,
By C. H.

CARL HINSHAW,
Managers on the Part of the House.

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. McCARRAN. Mr. President, the House already has approved this conference report.

So that my colleagues may understand the effect of the action taken by the conferees, let me speak briefly concerning this legislation and the background for it.

Two years ago the Congress passed, and the President approved, legislation to permit the return by the Alien Property Custodian of property which had been vested—that is, seized—from persons of dual citizenship.

A considerable amount of such property had been seized early in the program, though the policy of vesting the property of dual nationals had been abandoned prior to enactment of the 1950 legislation. That bill, which was passed in 1950, settled the question of policy.

However, that bill was amended in the House of Representatives so as to impose a ceiling of \$5,000,000 on the value of property which might be returned pursuant to that legislation.

In the past 2 years, it has been estimated that the total value of all such property, on the basis of its book value at the time of vesting, will be in excess of \$7,000,000, with a few claims still outstanding. Furthermore, great administrative difficulty has been encountered by the Office of the Alien Property Custodian, due to the fact that under the lan-

guage of the 1950 law it is necessary to seek to ascertain the actual value of future interests in connection with any property which is to be returned. This is because the limitation imposed by the 1950 law has been construed to be a limitation upon actual value, rather than upon the value as shown by the books of the Office of Alien Property.

The bill now before us, Senate bill 302, sponsored by the Senator from Rhode Island [Mr. GREEN] as it passed the Senate, provided for striking out the limitation. The House amended the bill so as to restore the limitation, but to make it \$8,000,000. The conferees have agreed to make the limitation \$9,000,000 and to base it upon the book value of vested assets as carried on the books of the Office of Alien Property. It is the judgment of the conferees that this limitation will be adequate to permit the payment of all just claims of this nature.

One other point was in conference: The 1950 act provided that claims were to be paid in the order in which they were filed. In practice, it was found this resulted in unnecessarily delaying certain relatively simple claims because a more complex claim may have been filed earlier. Since the purpose of the bill now before us is to permit doing equal justice to all whose claims are in this class, the Senate bill eliminated this requirement for paying the claims in the order in which they were filed. On this point, the conferees have gone along with the Senate position.

It is my judgment, Mr. President, that this measure as reported from the conference, accomplishes everything the Senate desired in its version of the bill. Accordingly, I ask the Senate to agree to the conference report on Senate bill 302.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

MUTUAL SECURITY ACT OF 1952

The Senate resumed the consideration of the bill (S. 3086) to amend the Mutual Security Act of 1951, and for other purposes.

AIR POWER—CONTROL OF THE AIR—VITAL AIR SUPERIORITY

Mr. MALONE. Mr. President, I offer an amendment to the Mutual Security Act which will go far toward regaining control of the air.

I send the proposed amendment to the desk and ask that it be read by the clerk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause, and insert in lieu thereof the following:

That, for the purpose of enabling the United States to regain control of the air, there is hereby authorized to be appropriated to the Department of Defense for the fiscal year ending June 30, 1953, in addition to any other amounts authorized to be appropriated to such Department, the sum of \$6,900,000,000, which shall be available for expenditure for the maintenance, operation, and administration of the activities of the Air Force and the air activities of the

Navy and Marine Corps, including the acquisition, maintenance, and operation of aircraft and equipment and facilities therefor, and such other expenditures as may be necessary to carry out the purpose of this act.

Mr. CONNALLY. Mr. President, I rise to a point of order that the amendment is not in order.

Mr. MALONE. Mr. President, I would remind the distinguished Senator from Texas that I have the floor.

The VICE PRESIDENT. The Senator from Nevada has the floor.

Mr. CONNALLY. Mr. President, cannot I make a point of order on the amendment?

The VICE PRESIDENT. The Senator from Texas cannot do so at the present time. He can do so later.

At this time the Senator from Nevada has control of the 30 minutes available to him on his amendment.

Mr. CONNALLY. Mr. President, under the unanimous-consent agreement, I wish to make a point of order on the amendment.

The VICE PRESIDENT. The Senator from Texas can make such a point of order, but not in the time of the Senator from Nevada.

Mr. CONNALLY. I did not know that the Senator from Nevada had any time.

Mr. MALONE. Mr. President, I am glad the Senator from Texas is in his usual courteous mood.

Let me say that the purpose of the amendment is to conform to the testimony of Mr. Finletter, the Secretary of the Air Force, before the House Foreign Relations Committee that at the present time the United States has lost control of the air—and is far behind in the construction of aircraft, and that the full recommended appropriation for the Air Corps is necessary, in order to regain control of the air—now lost to Russia—according to Gen. Hoyt Vandenberg and Mr. Finletter, Secretary of the Air Corps. If Mr. Finletter is right he should be commended and get his money—if he is wrong he should be fired.

Furthermore, Mr. President, on several occasions Gen. Hoyt Vandenberg has emphasized the danger to our Armed Forces with our potential enemy—Russia—controlling the air.

Recently it has been announced that as a result of the aircraft operations in Korea, our Air Force is sustaining much greater losses than those sustained by the enemy; in fact, our losses in aircraft are in the ratio of 4 to 1 according to press dispatches, as compared to the enemy's losses.

If we do not have control of the air—no money should go outside of this Nation until we have regained control—since our very security and safety may depend upon it. If I believed for a moment that our policy of commitment of American ground troops throughout the frontiers of Europe and Asia to contain Russia was the proper procedure, or that such a policy could possibly be successful, I would not now be voting for a reduction in the foreign aid proposed, but I would favor an increase in the amount, if such an additional amount could be efficiently utilized.

SIX BILLION NINE HUNDRED MILLION DOLLARS— MUTUAL-SECURITY BREAKDOWN

The \$6,900,000,000 is broken down in the following manner:

Military aid for Europe—\$4,145,000,000, \$3,620,317,000.

Economic aid for Europe—\$1,819,200,000, \$1,588,922,000.

Military aid for Near East and Africa—\$606,370,000, \$529,614,000.

Technical assistance for Near East and Africa, \$55,000,000, \$48,038,000.

Arab refugees from Palestine—\$65,000,000, \$56,772,000.

Israel refugees—\$76,000,000, \$66,380,000.

Military aid for Asia and the Pacific—\$611,230,000, \$533,859,000.

Economic aid for Asia and the Pacific—\$408,000,000, \$356,354,000.

Military aid for Latin America—\$62,400,000, \$54,501,000.

Technical assistance for Latin America—\$22,000,000, \$19,215,000.

Emigration—\$10,000,000, \$8,734,000.

Ocean freight—\$2,800,000, \$2,446,000.

Multilateral aid—\$17,000,000, \$14,848,000.

The committee added to the bill a \$20,962,000 item as a United States contribution.

EUROPEAN ARMY CANNOT DEFEND ITSELF

So far I have not seen any statement, from any responsible source, that our foot army in Europe can defend itself now or at any future time. Many responsible persons say that it cannot ever reach the objectives allotted to it.

Therefore, I feel constrained to say that we have in Europe a tourist army that cannot defend itself either now or at any future time, according to administration plans.

The members of that army have their women and children with them, just like a tribe of Indians hunting pine nuts in the Nevada mountains. All those men and their dependents would be prisoners of war within a period of 30 days, or would be utterly destroyed, according to the whims of the Soviet Army in the unlikely event of world war III.

It is widely suspected that the well-paid American Army in Europe is another method of extending the Marshall plan to Europe.

UNBROKEN LINE OF FAILURES

The administration has an almost unbroken record of failures in Asia and Europe since World War II. That record—strewn as it is, from Yalta to Berlin, with the wreckage of nations which have depended upon the historical integrity of the United States in international affairs—should be proof enough of the utter futility, or worse, of the conning misfits trusted with conducting our affairs.

KOREA—AN INSULT TO AMERICAN INTELLIGENCE

The Korean debacle is an insult to the intelligence of the American people. We sent a foot army into an area that responsible strategists agree is untenable in the event of real war.

We refused to win when we could have decisively settled the controversy and saved China. But we fell into the phony Russian peace trap which has been prolonged as a strategy move to enable the Russians to gain control of the air and to control and dictate peace terms when and if such an agreement is reached.

BRITAIN REFUSED TO JOIN IN AN INTEGRATED ARMY

Mr. President, Britain has flatly refused to join in an integrated European army. There is no mutual security; there is no European Army; and the European nations are not cooperating with us. All this will be public knowledge within a relatively short time, and such information is available now to congressional committees.

FIVE THOUSAND CASUALTIES IN A STUPID, BLOODY WAR

In the 10 short weeks since this bill calling for further authorizations of funds for mutual security was introduced in the House of Representatives, 5,000 men have been killed or wounded in Korea—American youths fighting a forgotten war, a useless, bloody, stupid war called by their Commander in Chief a "police action." Another half million Americans are scattered about the globe, mostly in Europe, with their tens of thousands of dependents, all waiting together to be sacrificed to the errors in judgment and the errors in policy of this administration.

On the same day that our Air Force announced losses of nearly four planes for each one of the enemy in Korea, the chairman of the Munitions Board was saying that we are years behind schedule in our aircraft production. That was Mr. Finletter's statement.

CONTROL OF AIR—CONGRESS PROVIDED FUNDS

Mr. President, it is difficult to understand why our military strength has been allowed to deteriorate while at the same time we have been sending tens of billions of dollars abroad under the guise of national security. We need only to go back to the history of the Eightieth Congress to remember that the Congress of the United States appropriated sums of money to provide the United States Government with 70 groups of aircraft and that, less than 2 years before the Korean war broke out, the President by Executive action, reduced that force to 48 groups.

While newspapermen write bitterly from the Korean battle front that men are dying in hand to hand combat against better armed and better equipped Communist fanatics, other newspapermen write of the continued nightmare of pseudo-truce negotiations in Panmunjom and rioting of Communist prisoners who force humiliating terms on an American general at Kojé Island.

While we suffer from the lack of artillery and hand grenades on one side of the world we are pouring billions of dollars and millions of weapons into the hand of nations reluctant to use them on the other side of the world.

SHOULD EVALUATE OUR POSITION

Before we can continue with this policy of scattering our men and our treasurers throughout the world on one pretext or another, it seems to me that we should take time to evaluate and assess our present position. The billions of dollars now going into Europe and the thousands of tons of equipment, the finished arms and planes and munitions are going to countries which cannot be defended on the ground.

It may well be that the arms we are now sending to the European nations will, in the foreseeable future, be used against us after their capture by victorious aggressors.

A DULL DAY WHEN MORE UNITED STATES TROOPS NOT COMMITTED

Mr. President, it is indeed a dull day in the State Department when Mr. Acheson is deprived of the opportunity of signing an agreement which commits our United States soldiers to protect new areas in the world.

A United Press European dispatch dated May 26 headlines Acheson's action in signing the European Defense Community Treaty. The article, entitled "Troops Pledge Planned," in part says:

Western foreign ministers arrived tonight to complete a diplomatic action on plans to create a single European army, give West Germany almost complete independence and bind the United States to Western Europe defense.

The dispatch says further:

It will pledge Anglo-American interest in seeing the European defense community pact upheld, promise to keep troops on the continent as long as necessary and commit the western powers to defend west Berlin.

SECRET PACTS AND PROMISES

As if the written pact were not enough, Constantine Brown, a scrupulous and factual writer, reports in the Washington Star on May 27—yesterday—following the United Press report that:

In order to satisfy the security demands of the French cabinet, Mr. Acheson agreed that means will be provided, in the assumption of the new responsibilities of North Atlantic Treaty Organization toward the West German republic, to prevent Germany from breaking away from the western coalition after it has organized its new military force of some 400,000 men.

This gratuitous pledge of Mr. Acheson's, to keep Germany whipped into line, is far beyond the written pact and the pledge to the keeping of American troops in Europe for as long as necessary is reminiscent of Yalta, Tehran, and Potsdam in 1945 at the end of World War II where Nationalist China was sold down the river without its knowledge or consent and with little hope of recovery.

It was of this action that the notorious Owen Lattimore, in an OWI Government news dispatch on July 17, 1949, said:

The problem was how to allow them, the National Chinese Government, to fall without making it look like the United States had pushed them.

FURTHER SUPPORT FOR COLONIAL POLICY

It is suspected also that we have further pledged ourselves through Mr. Acheson in his off-the-record promises, to support the French policy in Tunisia and Morocco; and further assurances that we will support the French forces, now fighting in Indo-China, with more than military supplies.

Mr. Brown also raises that question in his May 27 dispatch.

HOW TO GET CONGRESS TO RECOGNIZE SECRET FACTS

The problem now might be stated by agile Mr. Lattimore—if he were again in the good graces of Congress—as how to get Congress to approve of these secret

agreements without recognizing their full import or the danger to the integrity and to the security of the United States of America.

Mr. President, I have before me a book entitled "Two Worlds," written by William B. Ziff, a book which has proved surprisingly accurate in most of its predictions. I ask unanimous consent that the marked paragraphs on treaties—on pages 52 and 53 of this volume be printed in the Record at this point as part of my remarks.

The VICE PRESIDENT. Is there objection?

There being no objection, the marked paragraphs appearing on pages 52 and 53 of the volume Two Worlds, were ordered to be printed in the Record, as follows:

THE INTEGRITY OF TREATIES (TWO WORLDS)

Since a sovereign state is a power form, it and no one else can rule the conditions of life which apply to its citizens. This logic is implicit in the use of the term "sovereign." As long as a state remains sovereign, it is compelled to be guided solely by its own self-interests or by the pressures of internal groups acting upon its policies.

The conception of sovereignty not only involves the idea of equality but that of independent action as well. By maintaining armies, navies and batteries of diplomats, and by control over its own currency, trade and immigration laws, each nation-state serves notice that, in the last analysis, it will seek to gain its ends either by the use or continued threat of force. It will make and break the rules to suit itself, and wherever its vital interests are challenged will have recourse to subterfuge, conspiratorial action or, if necessary, brute force.

The shifting fate of treaty arrangements is pictured in the history of all alliances which ever have been made between so-called equal states. No one has ever been fulfilled beyond the self-interests of the stronger party to the arrangement. The attitude is accurately given by Lenin, a charmingly direct and forthright man, on the occasion of the return of the Russian delegation from Brest Litovsk at the end of World War I, after having been forced to agree to a ruinous treaty with Germany. When the document was laid before him, Lenin did not even bother about reading it. He remarked: "I don't intend to fulfill it anyway, except insofar as I am forced."

The professional diplomat who may be a most moral and decent individual in his personal relationships, must by the character of his task adopt the same impersonal view toward the struggle of mass hordes as is assumed by a military commander in battle. In their essence these attitudes are given squarely in a comment by Thucydides in his classic, The Peloponnesian War. Answering a contention of ethical right raised by the people of Melos following an invasion of their country by Athens, the Melians were coolly informed: "Right, as the world goes, is only a question between equals in power. The strong do what they are able, and the weak suffer what they must."

LOST CHINA—ATTENTION DIVERTED TO EUROPE

Mr. MALONE. Mr. President, it was a cruel hoax on the American people when their attention and their defense material was directed to old Europe while we deliberately lost Nationalist China. Then we refuse to win in Korea against the Chinese Communists in the only way we ever can win—through air and sea power—and then to delay opera-

tions through the invitation of our potential enemy while they take control of the air.

PAID FOR PEACE—BUT NOT DELIVERED

The President said in a recent statement that he would not buy the peace, when as a matter of recognized fact he has already paid for it, but the delivery has been delayed.

It is freely predicted that he will get the kind of peace that Russia wants him to have when she is good and ready. In the meantime our boys are being literally murdered out there to make a phony peace look good at the proper political time.

AMERICAN TAXPAYERS FURNISHING MATERIAL TO KILL THEIR SONS

The American people are furnishing the goods and the material to Russia and to the iron-curtain countries through the many and continual gift-loans to the European nations—to maintain Russian control in Eastern Europe and in China—and to build up the air forces to take over Western Europe and the remainder of Asia in their good and proper time.

The American taxpayers have furnished the money and industrial machinery and goods to Europe to finance most of the war and to murder their own sons in Korea. They have been persuaded to do this through the propaganda of the administration led by a pro-European State Department, and by a Congress generally either in agreement or lacking the stamina to tell the people the truth and to refuse to vote appropriations for the purpose.

ANY NAME WILL DO

This procedure started with lend-lease money and goods beyond any reasonable assistance for war purposes, continued with UNRRA—\$3,750,000,000 to Britain, Marshall plan, ECA, point 4, and mutual security—not considering the great variety of world banks, including Bretton Woods, the International Bank, the Export-Import Bank, and the many ways of transferring ships and United States property to other flags. Any name for the distribution of American wealth will do.

FAVOR FOREIGN NATIONS—TRADE

Other ways of dividing the wealth are to favor foreign nations in the purchase of strategic minerals and materials and to guarantee a substantial increase in price per pound or per unit over that paid to domestic producers. This favoritism includes zinc, lead, copper, and many other minerals and materials as well as the letting of contracts for the construction of war matériels abroad.

As a matter of common fairness, our domestic producers should be paid the premium—they should receive a larger unit price—the difference roughly between the wage standard of living here and abroad. The premiums should be more than to foreign producers.

SAFETY AND WELFARE OF THIS NATION FIRST

It is time that we put the safety and welfare of our Nation, the maintenance of our own economic structure and the maintenance of our military supremacy including air and submarine power—first.

It is time that we established the rule of simple honesty between nations as the criterion of cooperation with such foreign nations; it is time that we stop supporting the empire-minded preference export and import rates by the colonial nations and the manipulation of the exchange rates of their currency for the trade advantage.

COMMUNIST CHINA—FACTS WITH RUSSIA

The recognition of Communist China by European and Asiatic nations, while we are bleeding our taxpayers white to assist them, is an insult to our intelligence.

The military and economic pacts which both England and France have with Communist Russia, reading startlingly like the Atlantic Pact which they have signed with us and having 14 years more to run—are traitorous acts.

The nearly 100 trade treaties which the Marshall Plan countries have with Russia and the so-called iron curtain countries—selling them everything they need to fight world war III against us including rubber, tin and the many manufactured and processed products which they must have to oppose us, is utter ignorance or worse on our part.

MAKE THE RULES OF THE GAME YOU FINANCE

Let us make the rules under which the game is to be played if we are to finance it.

We represent the new money in the game. When we withdraw the game is over.

Let us direct the play before it is too late.

IMPOSSIBLE TO MEET RUSSIA ON THEIR TERMS

We are presently building up in Europe a great ground force of foot soldiers. We are apparently preparing to meet any possible Soviet aggression on Soviet terms, that is meeting them with ground soldiers instead of destroying them by air and by sea as our technological development would indicate.

DISTINGUISHED AUTHORITIES

One of our most distinguished air officers, Lt. Gen. Harold L. George, said recently:

A powerful American Air Force constitutes the greatest possible power to preserve peace in this unsettled world.

Even this great Nation cannot afford to spend vast billions of dollars indiscriminately over a period of years to create a great Army, a great Navy, a great Air Force, and provide military equipment for other nations without economical bankruptcy. Unless our economic structure is kept strong we cannot for long maintain the military strength essential for our survival.

The man who headed the wartime Manhattan project, and gave this country the greatest weapon in history, the atomic bomb, Lt. Gen. Leslie R. Groves, said:

The great danger of our position is over-extension in our commitments both economic and military, our military policy should be based on air and sea where our great technical capabilities can be put to best advantage.

The former Chief of Naval Operations and former Ambassador to the Soviet Union, Admiral William H. Standley, said:

Since my return from duty in Russia, and from knowledge of actual conditions there, I have persistently contended that a shooting war with Russia is highly improbable. Stalin knows that the policies of the United States will wreck our capitalistic system just as surely and possibly more quickly than would a shooting war, so why should Moscow bring on a shooting war? I hope that the American people can be informed in time. It is later than they think.

Col. W. F. Heimlich, a recognized authority on European affairs, says:

Recall our women and children dependents from Europe while reducing our non-combat forces to an absolute minimum. This means the elimination of luxury forces.

Gen. Edwin E. Schwein, retired, a former liaison officer between the French and our own armies, and a recognized student of Russian ambitions and European vulnerability, says of the Russian-European future relations:

In the first place, is there a threat of Russian aggression in Western Europe. I say Russian and not Communist simply because Russia does not have a pure communistic form of government. Russia is a dictatorship by a relatively small heirarchy. As presupposed by communism, there is simply no equality, economic or political in Russia. To say that Russia is attempting to spread communism is almost a euphemism. It is certainly an error.

Russia today has the same national aspirations as had Russia under the czars. It is essential that we keep these aspirations in mind when dealing with Russia.

I don't want to minimize the threat of communism in this country. That is a very real threat and a very serious one, but it comes from within.

It is right within this country that we must fight it if necessary with violence and ruthlessness until it is completely crushed. There can be no compromise. This includes the entering wedges of socialism and New Dealism.

Let us not however becloud the situation by treating the communistic threat and the Russian threat as synonymous.

Any student of history understands that Russian foreign policy is expansionist. It has been so for centuries. It is perfectly natural and understandable that as a result of the last war, that there should be a conflict between the aspirations of Russia and those of our country.

These two countries are the only great powers left and quite naturally fall into opposition. Russian expansion has always taken its active form to the south (middle east) and east (Asia).

This expansion has never taken the offensive in the west. Russian strategy has always been the strategic defensive against the west while expanding to the east and south.

There exists little evidence today of any change in this overall strategy.

There is little danger therefore of an actual military Russian offensive into western Europe. There is however considerable danger of an infiltration of communism or socialism into this area.

This brings up the reason advanced by its protagonists for economic aid to western Europe. They advocate the indiscriminate out-pouring of our wealth in order to keep the western European peoples contented with some form of capitalism. This of course is sheer nonsense.

Even presupposing that this aid was going directly to the people (which it is not), any sound economist knows that the best way to make people discontented with their lot

is to put them on a dole. Once the will to work and to accumulate therefrom some form of wealth is destroyed or weakened, unearned largesse will only serve to complete the destruction of all morale. That is exactly what is happening in Europe today.

Our economic assistance to Britain for example has resulted only in an extension of their socialistic experiments. Far from combating communism in western Europe, by our European recovery plan we are actually aiding and abetting the complete destruction of western European morale. We are keeping in power governments which favor the so-called liberal side.

In estimating such a situation, the military formula requires a consideration of three basic factors:

1. The capabilities of the enemy.
2. Our own means or capabilities.
3. Possible theaters of operation and their choice based on sound strategy.

What are Russian military capabilities or potentials? They have admittedly the strongest ground armies and air force in the world. At the present time, they are easily capable of overrunning Western Europe in a few weeks. They have the advantage of being uncommitted at the present time. Their little show in Korea is being handled very ably by their Chinese satellite. They can move in any direction they choose at the present time with overwhelming power.

They are not vulnerable to attack simply because they are not overextended nor do they present a vulnerable flank. Any attack in any given area on our part can easily be repulsed with disastrous consequences to ourselves. They can bring greatly superior power to bear at any point of their periphery which we may choose to test. They had nearly 500 ground divisions in the last war and they do not fail too far short of that now.

They are not becoming overextended any place and are not committed. However, they have succeeded in overextending us by trapping us in both Korea and Western Europe.

If we now commit a few of our pitifully inadequate forces to the Middle East and some more let us say to the North Pole (not inconceivable) or to India, we will be stretched out along their whole perimeter, weak every place, strong no place, and ripe for the riposte in much the same situation as Eisenhower prior to the Battle of the Bulge.

Solution: Pull out of Europe and Korea, lick our wounds, mend our morale, economics, and financial situation. Wait until Russia becomes overextended and cluttered with ailing satellites. Dissatisfaction bound to set in among them. Use clever psychological warfare to the limit and bide our time. This may take 10 or 20 years. In other words reverse the roles. Let us play Russia's present game and try to force her into our present predicament.

Build up a modern and powerful Air Force and Navy. Reduce the Army to a very efficient professional nucleus of one or two hundred thousand in which every man is a potential officer, "modeled on pre-1939 German Army."

JUDGMENT OF MEN OF WIDE EXPERIENCE

I submit that these judgments come from men of wide military experience, as wide as that of any of our national leaders.

The present ground armies in Europe, encumbered as they are with their tens of thousands of camp followers and dependents, are immobilized so far as their ability to take the field against Soviet ground forces is concerned.

We have recently seen the disgraceful picture of an American general being

captured by his Communist prisoners and another American general signing humiliating documents in order to effect the release of his comrade.

REMOVE THE WOMEN AND CHILDREN FROM WAR ZONE

Let us project ourselves into the future. If the tens of thousands of American dependents, women and children—babes in arms and grandmothers—still are in Europe and are brought under attack, do you think that American soldiers will abandon their families in order to man road blocks against the enemy? Or will they remain with their families and join them in the rout in a frenzied attempt to reach the English Channel and escape? If war is indeed as close to us as our leaders would have us believe, why then are we exposing these tens of thousands of hapless and helpless civilians in Europe?

What humiliating documents might we be willing to sign to preserve their lives in the event of disaster? If our six divisions of troops in Europe are to be a real fighting force, capable of stopping the offensive action of the Soviet armies, they must be joined by at least three times that many troops from the other nations of Europe supported by unchallenged mastery over the air and sea.

NO INDICATION EUROPEAN NATIONS MAKE SACRIFICES

To date there is no indication that the European nations are prepared to or are willing to make the necessary sacrifices to build such a force.

The same France with the same population and the same resources which she had 12 years ago when she put an army of 90 divisions in the field is today incapable of maintaining an army of 10 divisions.

GROUND ARMIES VERSUS AIR AND SEA POWER

It seems perfectly clear from this and from the warnings of our military leaders that the solution to the protection of the Western European nations is not in ground armies but in air and sea power. Maj. Gen. Hugh Knerr said recently: "The United States possesses all the aces—air power and sea power—but for some reason persists in discarding them and playing with dukes. We are eroding away our superiority and through an unwillingness to face reality."

PRESENT COURSE CAN LEAD TO DESTRUCTION

If that is true, and the evidence seems to be that it is true, then we must indeed pause and appraise our position and unless we do so, the wrong course which we now follow can lead us to destruction.

UNITED STATES PEOPLE AFRAID—FIRST TIME SINCE INDEPENDENCE

We have become obsessed with the philosophy of fear in the United States, for the first time since we became a nation.

What are we afraid of? Each time new billions are demanded by the administration they are demanded through some fear psychology.

If we do not do this thing, our country will be invaded or we will lose face

if we do not carry out some ill-conceived and positively dangerous State Department commitment.

At no time in the history of the United States have Americans had cause to fear anything. Yet today we find ourselves spending our Nation into bankruptcy, disrupting the lives of our youths, and endangering the future of our economy all because we are afraid of some vague menace.

It is well known that we must protect ourselves, and that we are the only protection that any nation has from an outside threat. Yet we are suddenly afraid. Let us all ask ourselves, Who among us is responsible?

These billions which we now are sending abroad are the billions to be paid for by generations not yet born.

DAMNING OURSELVES IN EYES OF POSTERITY

Before we damn ourselves forever in the eyes of posterity, let us ask ourselves whether we have the right to take this action or whether we have the duty to preserve the United States. Before we go farther down this road to war, let us examine ourselves closely and wisely.

It is possible that our efforts are in the wrong direction and that we have good reason to distrust the men who have been making our policies. We have reason to question the motives behind those policies.

THE BACK DOOR TO WAR—AMERICAN INTERESTS

Assuming that we are indeed intelligent enough to want the best course for the United States, I cannot believe that any country with which we are allied or on friendly terms would or could take issue with our putting American interests first.

In his authoritative book, *Back Door to War*, Prof. Charles Callan Tansill, professor of diplomatic history at Georgetown University, says in the very first line:

The main objective in American foreign policy since 1900 has been the preservation of the British Empire.

The very able professor documents his material, and evidence supports his contention.

It is high time that we now look to preserving the United States in a condition which posterity has a right to expect from us.

If we indeed view our position in the light of mutual security, we may find that we have provided security for neither ourselves nor our friends.

We may find that we have spent ourselves into bankruptcy where the one great hope of the world—the power of the United States—is dissipated and gone and, together with our friends, we stand hapless and hopeless before the ruthless power of our enemies.

FAILURE TO USE OUR STRENGTH

By our failure to play from strength; our failure to make use of our air and sea power; we may find that we have wasted our youth as well as our treasure. If we need no large armies scattered about the globe, we can reorganize our method of securing large armies through the draft.

MUST WE DISCARD TECHNOLOGY TO STAND GUARD WITH A BAYONET?

Must we, the mightiest technological civilization the world has ever known, suddenly call our young men from the homes and factories and schools to stand guard with a bayonet?

LOST CHINA WHILE ATTENTION DIRECTED TO EUROPE

It is a cruel fact and a cruel hoax on the American people that our attention has been directed to hold Europe while we have lost China. Who is responsible for such a fiasco?

We have refused to win in Korea and we should either win there or get out.

We have not won in Korea because we have not used the power of our only strong military friend in that area—the armies presently on Formosa—and because we have tried to fight an air war with a very minimum of aircraft.

This is not my contention—it is the statement of the Chief of the Air Force, Gen. Hoyt D. Vandenberg.

SAVED COMMUNIST RUSSIA THREE TIMES

Since our recognition of the Soviet Union in 1933, we have three times saved that country from collapse.

In 1933, the Soviet Union was economically, politically, and morally bankrupt. Our recognition, giving her the aura of respectability, allowed the Soviet Union to continue in existence. None of the promises which she made in 1933 to obtain that recognition have been kept. Again, attacked by Hitler in 1940, we went to the aid of the Soviet Union with \$11,750,000,000 of lend-lease equipment, supplies, food, and money. The Soviet Union, because of that assistance, was able to withstand the onslaughts of Hitler's divisions.

In 1945, torn internally by dissension and unrest, the Soviet Union received from the United States carte blanche to annex the Baltic states of Latvia, Lithuania, and Estonia—half of Poland—and to take onto herself as satellites the nations of Eastern and Middle Europe, including half of Germany. At the same time, we were isolating the German nation—our one hope for stability on the continent of Europe. Let us consider for a moment each of our potential allies in turn.

FRANCE HAS NO STABLE GOVERNMENT

France has not had a stable government since the conclusion of the First World War. The multitudinous parties which make only coalition government possible have been unable to reestablish France as a world power since the conclusion of World War II. The Communist Party is one of the largest and most influential parties in France. What military strength the French nation possesses today is being drained in a colonial war in the Far East.

ENGLAND DESTROYED HERSELF

England has destroyed herself and the Empire, not through war but through her own fiscal policies and the adoption of a socialistic state. The pattern which the English people have followed is the same pattern which was evident in Czechoslovakia, and Poland, and the other Socialist countries which went down under communism.

The German nation—despite the frightful destruction visited upon it by World War II, has come far on the road to recovery. Not since 1947, when General Clay appealed to the Allied Control Council, have we made any attempt to secure the unification of the German nation.

In the Potsdam declaration, we called for a unified Germany to be treated as an economic and political entity. The Soviet Government was a signatory to this agreement.

DESTRUCTION OF GERMANY—MORGENTHAU PLAN

Yet we have made no attempt to implement that agreement, and now the Soviet has taken the propaganda ball away from us and is calling for unification of Germany. It has an enormous appeal in that country, because it is the one issue upon which all Germans are united.

At the end of the World War II, when we tried to destroy German industry and reduce her to an agricultural state through the Morgenthau plan, we said in effect that all Germans were third-class citizens and were unworthy of joining the society of nations.

Now we have reversed that stand completely and to the utter confusion of the Germans, as well as the rest of Europe, we are insisting upon full partnership for Germany, in the North Atlantic Treaty Organizations. This insistence is correct, but it should be accompanied with the demand and insistence that Germany should be reunited.

TIME TO REEXAMINE EUROPEAN SPENDING PROGRAMS

Mr. President, when a large segment of our people are forced to borrow money to pay their taxes; when through progressive taxation the administration supported by a subservient Congress has made it impossible for a young man to borrow money to establish a business of his own because of his inability to save enough out of the profits after taxes to repay the loan; and when the people of the European countries with few exceptions do not pay their income taxes, it is time to reexamine the whole European spending program.

Mr. President, as an example of the true tax situation, I ask to have printed in the RECORD at this point, as part of my remarks, an article entitled "Deceptive Taxation," published in the Reader's Digest for June 1952.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DECEPTIVE TAXATION

(Condensed from Newsweek—A special report by the business editors)

Not one taxpayer in a hundred suspects the extent to which buried taxes are cutting into his earnings. He kides himself that he at least isn't footing the heaviest part of the Nation's tax bill. It is the big corporations and the millionaires, he figures, that get hooked for that. He's wrong: through hidden taxes, he, the American consumer, is shouldering the bulk of the load.

Today the average American is turning over 32 cents out of every dollar he earns to one tax collector or another. The Federal income tax is bad enough. More insidious, however, are the hidden levies that hit the taxpayer when he isn't looking—the taxes

imposed on manufacturers and merchants, which are quietly passed along to the consumer in the form of higher prices. These also include the excise taxes slapped on by many States and cities.

When a man walks into a showroom and plunks down \$2,000 for a new auto, nowhere near that amount reaches the pockets of the dealer, the manufacturer and the suppliers of parts and raw materials. Some \$624 has already stuck to the fingers of the Federal, State, and local tax collectors. By the time he shifts into gear, the new owner will have joined in paying taxes on at least 200 separate transactions that went into creating the car.

Hidden taxes multiply rapidly. For example, there are more than 475 taxes on the construction and materials costs that go into a new house. A new spring hat for a woman carries 150 hidden levies, a man's suit 116.

On some items the invisible taxes total more than the real value of the product. This is true of a ton of coal, a gallon of gasoline, a pack of cigarettes (see table). On a loaf of bread, a quart of milk, or a pound of beef the tax comes to at least half the real value.

How direct and hidden taxes—State, local, and Federal—hit everyday items in a typical United States community

	Real value	Taxes	Price
Cigarettes (pack).....	\$0.09	\$0.12	\$0.21
Bread (loaf).....	.09	.05	.14
Milk (quart).....	.14	.09	.23
Beef (pound).....	.58	.32	.90
Gasoline (gallon).....	.12	.14	.26
Phone (month).....	6.00	2.95	9.55
Liquor (fifth).....	1.05	3.35	4.40
Coal (ton).....	9.00	15.00	24.00

The Tax Foundation, a private research group that keeps an eye on Government spending and taxing, has figured out the load of hidden taxes on families of similar size in several income brackets. Here are the foundation's findings:

On a \$3,500 income the family pays out \$799 in hidden taxes—\$249 to merchants and manufacturers, \$302 in retail sales and excises, \$140 for social security, and \$108 in realty and minor taxes. The family's income taxes, incidentally, total only \$299.

On \$4,500 hidden taxes come to \$1,039; income taxes to \$455.

On \$7,500 hidden taxes total \$1,932; income taxes \$869.

On \$15,000 hidden taxes come to \$4,012; income taxes to \$2,606.

With today's visible and invisible taxes, the era is clearly past when a man can hope to get rich on savings out of his salary. Even maintaining a stable standard of living has become no mean feat. The man who has three dependents and earned \$5,000 before the war needs \$11,800 to live on the same scale now. If he made \$25,000 in 1939 he will have to pick up \$98,000 this year to live as well as then. And if he was in the \$100,000 class in the prewar days he'll have to bring home a million now.

For the single man the job of keeping ahead is even tougher; the \$5,000 a year man needs \$13,500, the \$25,000 a year man \$230,000.

One expert argues that up to \$5,000,000,000 a year in Government spending could be salvaged by eliminating waste and carelessness. He cites the encouraging examples set at Newburgh, N. Y., a city of 31,000.

Three years ago the Newburgh city council laid on a 2-percent retail sales tax. Sales started promptly to drift away to rival communities. Newburgh businessmen took the matter in hand. They made a survey of municipal affairs on a realistic, nonpolitical basis, combing every office and asking: Where does the money go? How much does each

job cost the city? By last November these men were able to spot \$450,000 worth of waste in a city budget of \$2,000,000. This was the exact amount brought in by the sales tax. Since then, a new city council has been elected and repealed the sales tax.

Whether Washington will profit from such lessons remains to be seen. It is important. Time is running out. Responsible economists warn of danger in the air.

It is widely agreed that a tax load of 25 cents on the average citizen's dollar is about as far as a government can safely go. Up to this point, taxes pay their way and act as brakes on inflation. Above it, taxes push up prices and sap incentive. They make a man think twice before risking his cash to make a profit. They scare off and dry up the flow of equity capital into new plants, equipment and products. And this flow is the foundation on which America's industries are built and on which their future growth depends.

Americans are now taxed an average of 32 cents on the dollar—7 cents above the danger line. Persons with higher incomes, the biggest potential investors, are socked much harder. Unless there is a retreat, unless the Government forces itself to loosen its grip at least partly on the taxpayer's pocketbook, industry's future growth and development stand in jeopardy.

The United States is in real danger of biting off its nose to spite its face.

25-PERCENT OVERPOPULATION OF EUROPE AND ASIA

Mr. MALONE. Mr. President, I shall not vote to bleed our taxpayers white to send money to the people of the European nations who refuse to help themselves.

I shall not vote to send American boys to Europe when there are already 25 percent more men there than can ever support themselves unless someone—meaning so far the United States—picks up the check.

1950-51 STATEMENT AND RECOMMENDATIONS

Mr. President, I now quote from an address which I made to this august body on April 18, 1951, more than 1 year ago, and prior to the return of General MacArthur, following his discharge from the Far Eastern Command for daring to tell Americans the truth, and I have seen no reason to change my statement and conclusions made as of that date.

Mr. President, I ask that excerpts from my address of April 18, 1951, be printed in the RECORD at this point.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Properly prepared, with air power and submarine fleets, together with trained servicemen, this Nation can control the air over any area important to our ultimate security—and can blockade any nation seeking to move into that area.

George Washington said in his often misunderstood statement that "we should avoid permanent alliances with foreign powers"—he pointedly did not say that we should not have temporary alliances and allies for a definite purpose.

His statement is in line with the Monroe Doctrine, which is a policy which gives us control over our own destiny. It is in line with England's 100-year-old policy that she had no permanent friendships or enmities, but only permanent interests.

This principle is in line with common horse sense. I pointedly disagree with England's method of signing rigid economic and military pacts with both Russia and the United States—with the evident purpose of

adhering to the nation, if and when there is a final showdown, which is better calculated to protect her interests.

ENGLAND'S 100-YEAR-OLD FOREIGN POLICY

England, the land of great statesmen and, up to now, the land of an indomitable race, enunciated her real down-to-earth national policy nearly 100 years ago, through one of its great Prime Ministers, Viscount Palmerston.

Palmerston voiced England's policy when he said in June 1858:

"We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow."

He did not make that policy of England, Mr. President, but he expressed its most important principle.

THESE ARE ENGLAND'S PRIME INTERESTS

If we could first understand what a small foreign nation's policy must of necessity be if it is to survive over the years, it would help us to better understand why it may be necessary for England to do the things which her present leaders have apparently decided to be her current best interests. These are—

First. Force the United States to recognize the Communist regime in China.

Second. Transfer Formosa to the Chinese Communists.

Third. Trade as usual with Red China—just the same as they had always traded in that area.

Fourth. Trade as usual with Russia, supposedly our common enemy, forcing the United States to bid against her for the tin, rubber, hemp, and so forth, which we so desperately need for our own security and for furnishing arms to Europe, including England—an ironical situation.

Fifth. Trade as usual with the iron-curtain countries.

Sixth. Maintain an independent military and economic treaty or pact with Russia—a pact reading startlingly like the Atlantic Pact which they have with us.

During World War II, when President Roosevelt told Prime Minister Churchill that Great Britain should relinquish her possessions in Hong Kong, Churchill, speaking at the Lord Mayor's luncheon in London, on November 10, 1942, said:

"I have not become the King's First Minister in order to preside over the liquidation of the British Empire."

Mr. President, that statement lays it on the line as to just what is going to happen when the trouble really starts in Asia.

THE MONROE DOCTRINE

When these facts are fully understood by the American people, then, and only then, will our legislative bodies recognize the correctness of a Monroe Doctrine which did not include specific signed pacts of any kind or nature, but, instead, set forth a flexible foreign policy, laid down by this Nation in the interests of our ultimate security and welfare.

The Monroe Doctrine for the Western Hemisphere, enunciated by President Monroe 128 years ago, met with the instantaneous approval of the South American and Central American countries. We took little, if any, chance in signing an inter-American pact based upon this doctrine, because of the obvious permanent interests due to our contiguous areas.

PERMANENT PACTS—EMBARRASSING AND DANGEROUS

On the other hand, signing so-called permanent pacts with foreign noncontiguous nations—as for example, the Atlantic Pact—could, and probably will, prove to be not only embarrassing but extremely dangerous.

The Atlantic Pact includes the colonial empire nations of England, France, Belgium, and the Netherlands, and while the areas to be protected are supposedly defined, our moral commitment will involve us, regardless of our own ultimate safety and welfare, when these nations get themselves involved in protecting their interests anywhere—in the Malayan States, Indochina, Africa, the Middle East, or in the Mediterranean area.

PROGRESS

We are making progress in our own country. More and more of our citizens are quickening their interest in public affairs because they suddenly have begun to realize the dangerous inroads that the economic one-worlders, the hothouse economists, the World Federalists, the Socialists, and the slap-happy Frankfurters are making on our Government and our American way of life.

THE DIRECTED TRIO

All these political misfits are held together and directed by the Truman-Acheson-Marshall trio, men who are themselves caught in a sinister, ruthless undertow thoroughly and completely controlled by the British Empire.

OUR BRITISH-CONTROLLED HYBRID POLICY

Apropos of our British-controlled, hybrid domestic and foreign policy, I now quote from the Book of Genesis, chapter 27, the twenty-second verse:

"And Jacob went near unto Isaac, his father; and he felt him, and said, the voice is Jacob's voice, but the hands are the hands of Esau."

Mr. President, I quote now from an address which I made on the floor of the Senate on March 21, 1951:

"The voice of this foreign policy we are using is the State Department's voice, but the hands are those of Europe, principally those of England, controlling our hybrid domestic and foreign policy."

"This combination is wrecking our national economy and is putting us into an international position which is untenable and indefensible."

ONE ECONOMIC WORLD—COLONIAL SLAVERY SYSTEM

The one economic world objective and the protection of the British-France-Belgium-Netherlands colonial-empire slavery system throughout the world are being firmly established as a permanent policy of this Nation through inflation, free trade, taxes. Our present international policy is calculated to protect these empire systems.

PRESIDENT AGGRAVATES OUR MISFORTUNE

Mr. President, the President of the United States only aggravates our misfortune when he makes today's problem a partisan issue. His psychology works furiously, but what he fails to recognize—and respect—is that he is President of the United States of America, and is not a stump speaker in a local partisan fight.

Mr. President, we face disaster. With courage, let us face it as Americans, protecting the reputation of no man, safeguarding the political position of no man, forcing no partisan issues, but serving, as we have been chosen, to serve the United States of America, our beloved homeland, which with clear minds and with the help of God can be preserved for all time.

SIR ALFORD MAC KINDER—THE HEARTLAND

Sir Alford MacKinder said, in one of his able works early in this century, that any country that controls the heartland of Asia controls the world. He described the heartland of Asia as China, Mongolia, western Russia, and eastern Siberia.

It is generally understood that Russia has decided to make her play for the control of China—and through the control of Asia to control Europe and the world.

Asia is the key to the control of Europe; when Asia falls to the Soviets then Europe will fall whenever Russia chooses to move. Consequently, Communist control of China must be stopped if Russian domination of Asia and later of Europe is to be prevented.

The question is one of procedure.

RECOMMENDATIONS FOR AN AMERICAN FOREIGN POLICY

We should name those areas the integrity of which is important to our ultimate security, and we say to any aggressor nation: "This far and no farther. If you step over the line, we will loose on you from the air—upon your industrial centers, your sources of supply, your supply lines, your war-making machines—everything at our command." We would destroy any nation's war-making capacity which sought to move into any areas whose integrity was considered important to our ultimate safety. Thus we cover with a Monroe Doctrine all territory we wish to deny to the enemy. The necessary foot soldiers would be set up by the area being defended.

We should select the necessary bases for strategic areas and there erect our air power and submarine bases, principally in the Western Hemisphere for long-range bombing operations.

We then concentrate American resources and ingenuity on the creation of unchallengeable air and sea power. If we maintain this position, we can win any war with Russia or any group of nations.

We forthwith stop assistance of every nature to the Communist nations and to nations in any way assisting Russia, her captive nations, and communistic China in the consolidation of Soviet gains and in the preparation for world war III.

Officially inform both France and England that they must immediately terminate the economic and military pacts which they maintain separately with Soviet Russia.

Give no more money, as loans and gifts to any government as such. If necessary such loans might be made to private business in strategic areas without weakening our own economy, in the same manner and on the same terms as the RFC loans funds to private business in this country in times of stress.

6. Further assistance to European nations would be predicated upon an economic union or a United States of Europe, and a free exchange of their currencies and goods.

7. Oppose the admission of Communist China by the United Nations with every means at our command.

8. Forthwith stop supporting colonial slavery in any form, anywhere.

9. Protect and strengthen our own national economy in the interest of world security through the adoption of the flexible import-fee principle as a floor under wages and investments in place of the 1934 Trade Agreements Act. Congress should reclaim its constitutional responsibility and authority to regulate foreign commerce which it has transferred to the executive branch of the Government.

10. Clean up our own Government, throw out the Communists, Communist associates, adherents to foreign ideologies, persons of abnormal moral weakness, and other dangerous security risks.

11. Start an immediate investigation through the Armed Services Committees of both House of Congress, to determine why we are not prepared to fight a war after the expenditure of nearly \$60,000,000,000 since 1945.

12. Preserve and protect our atomic bomb, guided missile, and other offensive and defense weapon's secrets for our own protection and bargaining power.

13. Send no foot soldiers as such into either Europe or Asia—but develop and utilize

to the fullest extent our air power, including long-range bombers, to be based principally on the Western Hemisphere and strategically defensible areas—and naval power, including submarine fleets, to protect our shores and to effectively blockade any nation that seeks to invade any area important to our ultimate security and welfare.

14. Bring the foot soldiers out of Korea at the first favorable opportunity—and utilize an all-out air offensive not only against the North Korean and the Communist China armies, but against the supply lines and the war manufacturing and industrial plants in southern Manchuria and eastern China.

Communist China has attacked us, therefore her war-making capacity should be destroyed to save American lives—and to delay indefinitely her usefulness to Russia in the control of Asia.

These recommendations were made substantially in this form, in an address to the Senate on December 14, 1950, and on February 5 and again on March 21, 1951.

NOTE.—The situation has changed since early in 1951—we have since lost control of the air—according to Gen. Hoyt Vandenberg, head of the Air Forces.

DIFFERENCE IN STRATEGY FOR DEFENDING THIS NATION

There is not now and never has been any doubt about this Nation defending any country or area whose integrity is important to the ultimate safety and welfare of the United States of America.

There is a grave difference in strategy and the methods to be utilized in such defense, and that, as far as the junior Senator from Nevada is concerned, is the basis for the great debate.

VESTED INTEREST IN THEIR OWN MISTAKES

A vested interest in their own mistakes is the only explanation that can be offered for the stubborn and senseless attachment of the administration to its continued betrayal of Nationalist China to the Red hordes of Russia.

Mr. MALONE. And I may now add, Mr. President, the stubborn, senseless insistence upon playing the Russian game in Europe while refusing to put the emphasis on the only kind of power with which we can possibly win world war III—supremacy in air and sea power.

Mr. CONNALLY. Mr. President, I make a point of order against the amendment of the Senator from Nevada [Mr. MALONE] for the reason that the unanimous-consent agreement, reduced to writing, provides that no amendment or motion that is not germane to the subject matter of the bill shall be received. The Senator from Nevada may claim that his amendment relates to defense, but this bill is not on the subject of defense alone; it relates to mutual defense, and mutual security of the countries of Europe; whereas the amendment offered by the Senator from Nevada has no reference at all to Europe; it refers only to domestic defense. So I submit his amendment is not germane.

Mr. MALONE. Mr. President, I have some time left, have I not?

The VICE PRESIDENT. The Senator from Nevada has 2 minutes.

Mr. MALONE. I would only say in answer to the distinguished Senator from Texas, that the only way we can defend Europe or Asia, or even ourselves, is to control the air and the sea. At this moment, according to the Secretary of the Air Force, we do not control either. I

would say that that fact alone indicates that my amendment is pertinent to the bill.

The VICE PRESIDENT. The Chair has examined the amendment, and has also examined the bill, to ascertain whether the amendment is germane to anything in the bill. The bill is a bill amending the Mutual Security Act, heretofore enacted. The amendment now offered relates to the air forces of the Army, Navy, and Marine Corps generally. It will be in order on a bill authorizing appropriations for American forces or for American defense, considered from a domestic standpoint, but the Chair does not think the amendment is germane to the bill now before the Senate, and sustains the point of order.

Mr. CONNALLY. I thank the Chair.

Mr. NIXON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. No Senator can suggest the absence of a quorum unless he is yielded to by some other Senator, because under the unanimous-consent agreement the time is controlled by Senators who offer or oppose amendments to the bill.

Mr. BUTLER of Nebraska. Mr. President—

The VICE PRESIDENT. Does the Senator have an amendment to offer?

Mr. BUTLER of Nebraska. I have.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 4, line 25, it is proposed to strike out the period and to insert "Provided, That the dollar costs of the United States under the act for international development for the program in any country in any fiscal year for supplies and equipment shall not exceed 3 times the dollar costs of the United States for United States technicians and the training of local personnel."

Mr. BUTLER of Nebraska. Mr. President, I preface my remarks in presenting the amendment with a statement that I am not proposing a reduction by 1 cent in the total amount of money made available. I am endeavoring to direct how it shall be spent.

This amendment is identical with one that was adopted by the House a few days ago and is contained in the bill as passed by the House. It is designed to preserve the character of the point 4 program as a program of expert and technical assistance, and to prevent it from degenerating into another handout program.

I am sure Congress has intended all along that the point 4 program be directed toward giving other nations the benefit of expert American engineering, scientific, and technical knowledge so that these other countries may improve their living conditions and social institutions on the basis of such advice from American experts. In other words, it is supposed to be simply the export of American "know how." It is not supposed to be the vehicle for another program of giving away large quantities of raw materials or machinery or the construction of large engineering works at American expense.

Instead of sticking closely to this original concept of point 4, it is apparent that the administration proposes to distort its character entirely.

This concept is recognized in the report by the Senate Committee on Foreign Relations, in which the following paragraph appears on page 37:

The TCA program is primarily one of showing people in the underdeveloped areas how they can improve their lot by themselves. It is not a program for the purpose of giving economic help in the form of commodities and capital equipment. Grants of supplies and equipment are, however, included in technical cooperation programs in order to enhance the effectiveness of the work of the technicians and in some cases these grants are fairly substantial in amount. A large part of the funds should be used for salaries and expenses of technicians sent to these areas and for the training of foreign nationals in the United States, although it is necessary, of course, for technicians and teachers to have supplies, equipment and commodities, in sufficient quantities to enable them to carry on their functions.

The report then goes on to say:

According to information presented to the committee the administration plans during 1953 to spend about \$44,252,000 for technicians and trainees and \$182,748,000 for supplies and equipment. Thus for every dollar spent for training, more than \$4 will be spent for supplies and equipment. The committee calls attention to this fact because it believes that there may be a tendency on the part of some officers concerned with the TCA programs gradually to emphasize commodity and end-item types of assistance rather than technical assistance. The committee feels that changes of emphasis in that direction would be unwise for a number of reasons.

I am calling attention to these statements in the committee report because it is obvious that in many cases point 4 has become a program of giving away commodities rather than extending technical assistance. In Pakistan, for example, they are giving away 10,000 tons of fertilizer. In Libya, we have an educational program. Since the Libyan government has no buildings available, our program consists largely of construction of buildings to the extent of about \$500,000.

In India, we have several hundred American technicians who are supposed to be helping the Indians increase their agricultural production through showing them how to use fertilizers, tools, and so forth. However, we have not stopped at giving technical assistance, but we are also supplying the fertilizer and the tools. Actually, about 90 percent of the cost of the program in India is made up of these supplies and items of equipment.

The only way to stop this trend is to place a limit on the funds that may be spent for supplies and equipment and provide that the cost of such supplies shall not exceed three times the cost of the personnel in any country. That is what my amendment will do.

This amendment will not hamper the point 4 program in the slightest if the countries, where it is being conducted, are willing to cooperate with the American experts and supply at least a portion of the supplies and equipment that those experts need. In the long

run, those countries are going to have to pay for such supplies for their own people if this point 4 program is to make any real change in the production methods of those countries. The foreign governments might as well start to recognize that fact now instead of being allowed to get the impression that the United States will pay the cost of all supplies, machinery, and so forth, to reorganize production methods all over the world.

I hope my amendment will be adopted.

Mr. CONNALLY. Mr. President, I yield 10 minutes to the Senator from Arkansas [Mr. FULBRIGHT].

Mr. FULBRIGHT. Mr. President, I have a good deal of sympathy with the point of view of the Senator from Nebraska, as a general proposition. I have discussed this amendment with Mr. Andrews, who is the new director of the point 4 program, with whom many Senators are well acquainted, and in whom I believe Senators have great confidence.

The effect of this amendment in many countries would not be at all serious, but there is one area where it would be very serious. I refer especially to India. As the Senator from Nebraska knows, in the case of India some very special circumstances have arisen recently, as evidenced last year by the grant of grain to India. I believe that we made an outright grant of grain to the extent of \$190,000,000 worth, because of the famine which had developed in India. This year there is a drought on a much smaller scale, but there is a chronic lack of food in India. The two items in particular which are involved in the Indian program, to which the Senator from Nebraska has already referred, are fertilizer for the production of food, and tube wells for water. Both commodities are directed solely to the production of food.

Mr. BUTLER of Nebraska. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield.

Mr. BUTLER of Nebraska. I think the distinguished Senator from Arkansas knows as well as any of us that from India we import thousands of tons of jute and burlap running into great sums of money.

Mr. FULBRIGHT. That is true.

Mr. BUTLER of Nebraska. I wonder if it would not be possible for the Government of India to supply the fertilizer and other materials which are necessary for our technicians to work with over there.

Mr. FULBRIGHT. I will say to the Senator that a very fine fertilizer plant has just been completed, not with gifts, but with funds which India borrowed from the International Bank only within the past several months. I refer to the Sindri plant. I believe that India is making progress, but everything cannot be done at once. There is still a very severe lack of essential materials. The president of the International Bank, Eugene Black, has given us a statement to the effect that the International Bank is making loans for every project of this character which can be reasonably financed by the Bank, and with respect

to which there is reasonable chance for repayment. The Bank has representatives in India much of the time. This is a transitional period in India. As the Senator from Nebraska knows, the people of India have just gained their independence. They have recently held an election. I think they are making a fine and sincere effort to bring themselves up to a position of self-sustenance in the matter of food.

As I have said, the program in India is a very special one. To that extent it is contrary to the general idea of the point 4 program. I subscribe in general to the sentiments expressed in the report to which reference has been made. Take all the South American countries, for example. The Senator's formula would have no effect in South American countries, where the point 4 program has been in operation for a number of years. In the more advanced countries, where we have had a program, and the initial steps have been taken, the materials part of the program comes well within the Senator's formula. However, it would create havoc in the case of India. Mr. Andrews tells me that he thinks it would have a disastrous effect upon the Indian program. That is the principal program which would be affected, because the two large items of fertilizers and wells are involved. Wells, of course, are also for the production of food.

We are presented with a difficult situation. We send technicians to India to teach the people how to use modern irrigation methods. The wells referred to are tube wells with small Diesel engines. I think it would be a very difficult thing for the technicians to say to the people of India, "If we furnish a rig to drill a well, and a pump, you ought to do so and so. There is a certain minimum amount which you ought to do."

We are contemplating under this program only 80 of such projects for all of India. The program is based upon the so-called Etawah project. I believe that everyone who read the account by Horace Holmes when he appeared before the committee last year approved it. It is in the very best traditions of our county-agent program. Go back to the beginning of the county-agent program. In the beginning, for demonstration purposes, there was a great deal more emphasis upon the materials which the county agents used to get the ball rolling. Today it is not necessary for county agents to have samples of modern machinery or irrigation equipment, or anything else, because there is plenty of such equipment in this country to serve for demonstration purposes.

As a practical matter all they do today is convey the latest knowledge from the institutions in which it is developed. I submit that in India, where the program is in its beginning stages, there is justification for the amount of material which is involved in the bill.

I would also say that I would not like to see this program continue to grow, and I would object to continuing it in countries such as those of South America, where the experience has been that gradually the local countries have taken over more and more of the expense,

and our expense during the last 5 years has gone down steadily as the contributions of the countries have gone up. India is just now in the beginning stages. I believe that the full impact of the proposed formula would be felt in India, and to a lesser extent in Pakistan, where the problem is similar but not as acute as in India.

The point being made by the Senator from Nebraska is that the countries can do these things themselves. The fact is that India has strained its credit to the limit. They did it for example, in building the fertilizer plant to which I referred.

The Senator knows that recently India has made great progress. I think a friendly gesture when they gave special guarantees to two American oil companies to build refineries. At least the action satisfied two of our biggest oil companies.

There is one other item to which I should like to refer, and that is the making of their steel plow points. For centuries Indians have been plowing with wooden plows, which are incapable of turning under cover crops for fertilizer. That is one of the great difficulties, and it is one of the reasons for the big demand for commercial fertilizer. It is because they have not used the kind of plow that will turn under the green organic matter. That is one of the main objects of this program; it is to teach them how to make and use steel-pointed plows. It is a very simple matter, and the making of the steel-pointed plows does not cost very much for each plow. But of course India is a big country and requires many plows.

Mr. BUTLER of Nebraska. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. BUTLER of Nebraska. I can very readily agree with what the Senator from Arkansas says, but when we not only furnish them the know-how and the technical assistance but also go further and furnish them the supplies and the materials that are necessary, such as fertilizer and plows, we are setting up an example in some communities which will extend all over the country, and in due time a demand will develop among the neighbors of those who received the free material to be furnished the free material also. It will go on and on, and the program will keep on growing. I am in favor of furnishing the know-how. The amendment, however, would restrict the program from being carried forward to the extent of furnishing impossible material. Yet it would provide an ample margin to put the program over.

Mr. FULBRIGHT. Mr. President, the Senator from Nebraska and I are not too far apart. The Senator will appreciate that I am speaking under a limitation of time.

The PRESIDING OFFICER (Mr. MONROE in the chair). The time of the Senator from Arkansas has expired.

Mr. FULBRIGHT. I yield myself five additional minutes.

The point is that we are in the initial stages of the program in India. As we

all know, when we start anything we must have something to use with which to demonstrate a program. There are 500,000 villages in India and only 80 projects are involved. The Etahwa project was a demonstration project, which was used to prove what could be done with these techniques and with fertilizer. Incidentally by the combination of fertilizer and plows they increased the production of wheat in that demonstration project by 46 percent in 3 years. It is a very small demonstration project as applied to India.

The money will not go very far in a big country like India. It will not provide anything more than sample programs, the main object being to prove to Indians that there is something to this matter of fertilizer, to show that it is a good thing, and to show that they should use a modern plow. Then it is certainly expected that they will make their own plows. The purpose of the program is merely to get them started. I would not approve of carrying it on indefinitely. If this were the third, fourth, or fifth year of the project we should be beyond this stage, as we are already beyond this stage in the other countries where the point 4 program has been carried on.

As I said before, it is only in this particular area that the formula would have any impact at all. It would have no effect in the 20 countries of South America and Central America, or in the Middle East countries except Iran. It would have an effect, of course, in Pakistan and in Iran, where agriculture is in the most primitive stages. Certainly it would not have any effect in any of the European countries. I do not think it would have any effect in Indonesia and Malaya.

It would have a bad effect in India, where they are making great progress. At least, the reports show that they are making progress. The testimony before the committee from men who have been in India, particularly Mr. Andrews, is very favorable with respect to the effectiveness of the program last year under the supervision of Mr. Horace Holmes. All that is intended to be done is to multiply, in 80 different communities, what was done under Horace Holmes.

I do hope that the Senate will not adopt an amendment like this. While I do not feel that the committee should have the last word on everything, I do think that this kind of amendment should be submitted first to the committee, where it can be analyzed and so that people from the agencies themselves can examine it.

As I said a moment ago, I discussed this matter with Mr. Andrews. He told me positively that in his opinion such an amendment would practically wreck the proposed Indian program, which is a considerable one and a very important one in the over-all program.

Mr. LEHMAN. Mr. President, will the Senator from Arkansas yield me 5 minutes?

Mr. FULBRIGHT. I yield 5 minutes to the Senator from New York.

Mr. LEHMAN. Mr. President, the amendment of the Senator from Nebraska [Mr. BUTLER] is an attempt to legislate an equal crisis in all parts of

the world. Conditions necessarily differ very greatly in different countries. This amendment, as the Senator from Arkansas has pointed out, would affect India almost exclusively. One of our American agricultural agents in India—and the statement applies to almost any other country—says that the native Indian can grow twice as much food if we supply him with chemical fertilizer, irrigation pumps, and steel points for the bullock plows. The Director of Mutual Security believes that the political situation and the food problem in South Asia, including India, is more urgent than in any other underdeveloped area and, therefore, he proposed that we supply fertilizer, irrigation pumps, and steel plow points for the program in India.

The distinguished Senator from Nebraska would legislate a policy of equal crisis in all parts of the world.

The nub of the Indian program is the effort to grow more food. We learned that fact from the debates last year when we voted grants and loans to India.

In 1953 the program submitted by the Director for Mutual Security is calculated to reach 39,000 villages in India, and a population of 22,000,000. The Indian Government is assigning 17,000 village workers to this program. The United States is sending 400 technicians. The Indian Government is furnishing all supplies and equipment for the program which can be produced in India. The United States is sending all needed supplies and equipment that must be purchased outside of India. This is a joint effort to make a substantial increase in food production. The Indian Government is contributing three times as much as the United States to this joint program. If Congress decides that the United States supplies shall be limited in this program to three times the value of the salaries of the American technicians and the trainees, it will destroy the usefulness of much of the outstanding effort of the Indian Government to mobilize its own personnel and supplies. In fact, the amendment ignores the joint character of the program and the work of the 17,000 Indian workers. It means these workers will not have the fertilizer, the irrigation pumps, and the steel points for plows.

A ton of fertilizer will add two tons to a crop of grain. An irrigation pump can produce two crops on the same land which formerly produced one. A steel plow point, when used with a cover crop, can increase the grain production by 46 percent.

Mr. President, countries such as India will, I am convinced, eventually solve their food problems without United States help, if no United States help is provided. The only difference will be the length of time required. That is a vital difference. The United States has the agricultural techniques and equipment to help India achieve in 4 years a rate of food production which otherwise India would require a generation to achieve. Those 4 years will be the critical period in the struggle in Asia against communism.

So, Mr. President, it seems to me that it is most important that we make plain

to India that we are endeavoring to help her raise her standard of living. I do not think anything else could be more important to India or to the interest of the other peace-loving nations.

The national elections in India, which were completed in February of this year, showed that the Communists were strongest in the areas of greatest food shortage.

Since China went Communist it has often been observed that if a village development program such as the one the ECA began in China in 1948 could have been started 5 years earlier it could have altered the outcome in China.

By their tactics the Communists now reveal that they regard India as the next big prize in Asia. The village development program in India, which is proposed in the pending bill, is of the very type which the China experience has demonstrated could help check communism in India and in the entire Asiatic area.

So, Mr. President, I hope very much that the amendment of the distinguished Senator from Nebraska will be rejected.

Mr. FULBRIGHT. Mr. President, I yield 4 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 4 minutes.

Mr. HUMPHREY. Mr. President, we are now discussing an amendment which is most vital to the successful operation of the so-called point 4 program, or the technical assistance and cooperation program. The effect of the pending amendment, if adopted, would be that in one of the most crucial areas in our world our over-all aid program for India and for Pakistan would be reduced by 70 percent.

I know that the proponent of the amendment has no desire to jeopardize the successful operation of the program of technological and scientific aid on our part in connection with the efforts of those countries to help themselves. Similarly, I know that neither the proponent of the amendment nor any other Member of the Senate wishes to thwart the efforts of the United States to be of assistance to those countries in increasing their food production.

Nevertheless, it is true that by placing such a ceiling on the expenditures for food, on the basis of fixing a ratio of 3 to 1 between the supply cost and the personnel cost components of the program, the result would be to damage most seriously the operation of the program in those countries.

There are some countries in which such expenditures for supplies and for personnel are literally in balance. Some countries may need more dollars for personnel than for supplies or equipment. However, it happens that the United States Government, working in connection with India and Pakistan, has developed a program to supplement very rapidly their food production.

It is imperative that the production of food in those countries be increased quickly. Scientific and technological

workers cannot do that work alone. What else is needed, Mr. President?

It has been pointed out that fertilizer is needed for certain kinds of soil, and that water is needed for purposes of irrigation. The water is obtained from deep wells, which require pumps and casing, in order that the water may be reached. That is why the amount of money being used for supplies and equipment has been unusually large.

I remind the proponent of this amendment that our Government has worked out with the Government of India an arrangement in connection with India's 6-year development program; and representatives of the Indian Government have appeared before Senate committees and have pointed out what the Indian Government is doing in these village and community developments. Approximately 300 villages are involved in one community alone. In fact, Mr. President, more than 200,000 persons will be affected by one program; and there are hosts of such programs.

At this time to put the entire program into an economic strait-jacket would be to ignore the real situation in regard to the production of food.

I shall not now discuss the Communist problem. We should be interested in the production of food, even if there were no Communists. We should be interested in helping to improve the standard of living, even if there were no enemy except the enemy of poverty and malnutrition. I do not think the existence of Communists should be required to inspire us to do a good job.

So I am urging the application of a sensible program to a vital situation. I urge the Senate not to insist upon the application of a severe formula which would make it impossible for us to meet the real problem in the area where the program is to be applied.

So, Mr. President, I ask the Senate of the United States not to cripple a program which just now is getting under way.

The program of technological and scientific assistance represents an effort on the part of Americans to be of assistance to the underprivileged and the underdeveloped areas of the world. It is absolutely essential that we continue this program.

I think I should point out that in south Asia we shall be spending \$15,000,000 for technicians and, in 1953, \$137,000,000 for equipment and supplies. Of course, Mr. President, it is not possible to obtain a sudden increase in food production by means of the employment of a technician. Obviously, it is also necessary to have supplies and to move large quantities of earth; and in the case of a reclamation project or an irrigation project, large quantities of earth cannot efficiently be moved by having the earth carried in buckets on the heads of the laborers. Bulldozers and other up-to-date equipment are required for efficient operation in such a situation.

The Senator from Arkansas and other Senators have pointed out that the Government of India and the Government

of Pakistan and the governments of other countries in Asia and the Near East are contributing far more personnel than we are contributing to this program. This effort is a cooperative one, and I submit that it should not be jeopardized by means of any hasty action taken by the Senate.

Mr. President, I ask unanimous consent to have a statement regarding the amendment printed at this point in the Record, as a part of my remarks.

There being no objection, this statement was ordered to be printed in the Record, as follows:

The amendment prescribing a fixed ratio of supply costs to personnel in the economic-aid program places a rigidity of operation in a program which should remain flexible.

The effect of such an amendment as far as south Asia is concerned would be tantamount to reducing the over-all aid program for India and Pakistan by 70 percent. This reduction would result in disastrous effects on the program as planned and would not at all satisfy the minimum aims of the program.

The specific needs of underdeveloped countries are different in each case and whereas it might be possible in one specific country to maintain a low ratio of cost between supplies and personnel it also follows that in other countries this ratio, in the initial stages of the program at least, may necessarily be large in order to achieve United States aims in the particular area.

In South Asia and specifically in India and in Pakistan, the United States program has been designed to assist these two countries in the achievement of economic goals within what is generally considered to be a critical period of the next 4 years. These programs have been made up with full consideration of the 6-year development plans which have been established by the countries themselves as minimum goals to be achieved. The funds to be made available by the United States are for programs designed to assist these governments in the fulfillment of their essential economic goals.

Communist gains in South India during the recent national elections have indicated the trend that can be expected if the present democratic government in power does not achieve even slight increases in the standard of living within its tenure of office. The United States has a great stake in the decision which the people of India and Pakistan may have to take in developing their countries along democratic or Communist lines.

The present standard of living in the subcontinent is abnormally low. This can be shown by the fact that compared to an average annual real income of \$690 per person in the more developed areas of the world India has \$60 and Pakistan only \$50. In the more developed countries, the quantity of energy other than food consumed per year is over 600 pounds of coal per person. In India this quantity is only 220 pounds per person, while in Pakistan it is as low as 60 pounds per person.

But the item which does more to stir up people against any form of government and attracts that people to any group which promises relief is the scarcity of food. In India and Pakistan food is not available in sufficient quantities to supply the people with even the minimum daily caloric requirements that are necessary for tropical areas. This minimum has been estimated by the Food and Agriculture Organization as 2,200 calories per person. The people of Pakistan consume on the average 2,030 calories per day while the people of India, the low quantity of 1,660 calories per day. One

of the primary reasons for the low supply of food in these countries is the very low crop yield that is obtained there. Indian farmers, for example, produce on the average 10 bushels of wheat per acre and 22 bushels of rice per acre. In Pakistan these yields are a little higher, 14 bushels of wheat and 28 bushels of rice per acre. These yields are only one-half to one-third the average yields which are obtained in the more developed countries. United States experience has shown that increased crop yields result from more water for irrigation, more fertilizer to revitalize the ground, better agricultural equipment, and more scientific agricultural techniques. To affect the large numbers of farm communities in India and in Pakistan in the shortest possible period, it is necessary to make available the necessary supplies and equipment which will support and magnify the work that will be done by American and indigenous technicians to achieve greater food production.

This approach in India has taken the form of the organization and operation of a large number of community-development areas. Each of these areas would encompass 300 villages and will affect directly over 200,000 people. The program in each of these areas is an integrated one and involves better agricultural techniques, distribution of fertilizer, and more efficient farm tools, a public health and sanitation program and an educational and training program. The results obtained in the pilot project on rural development in Etawah promise an increase in food production of 50 percent at the end of 4 years in areas where there is an integrated and concentrated development program. This would mean the drilling of tube wells to tap the underground water for irrigation. It will include the supply of key items of equipment to accelerate the completion of large-scale irrigation projects which would make available vast quantities of irrigation water. It means the importation of various types of fertilizer which can be used by the agricultural technicians to increase crop yields per acre and to convince the very conservative farmer of the value of fertilizer to him and to the community.

Limitation of the supplies that will be required to achieve the minimum aims of the United States program in India and Pakistan by fixing a rigid ratio between supplies and personnel would make the basic attack on the problem thus described completely ineffective. The problem of food production in India and in Pakistan is enormous and requires exceptional effort to solve it in the short period which we deem necessary for the survival of democracy in that part of the world. The supplies and equipment must be made available if our program is to succeed. Technicians with an insufficient amount of supplies and equipment will fail to achieve the desired results.

United States interest in the strengthening and development of the free world makes it mandatory for us to aid in carrying out the most effective program possible in south Asia. The effectiveness of United States programs cannot be assured by imposition of an arbitrary ratio between supply costs and personnel. The cut which would be effected by the proposed amendment directly counters the interests of the United States and the free world.

Mr. BENTON. Mr. President, I have been particularly interested in this subject, not only because of my visit 15 years ago to India and Asia, which was a rather extended visit of more than 6 months, but also because of the information which has been sent to me during the past few months by former Governor Bowles of Connecticut, who is now Ambassador to India. I can confirm, on

the strength of this information, the comments just made by the distinguished Senator from Minnesota. We have in Washington, visiting us, Mr. President, a most eminent Indian, Mr. Ghosh, who has been responsible for the famous Faridabad project in India. Here, with an investment of only \$5,000,000 by the Indian Government, Mr. Ghosh has developed a city to house 50,000 people, and with a vast outlying agricultural area now undergoing rapid development. Mr. President, what has been needed in order to make such projects productive—what, beside the leadership and the financing of the Indian Government? It is certain American equipment—not American technicians, but American equipment. The Indian Government at this time is training many technicians of their own. The Ford Foundation, our great private philanthropy, under the leadership of Mr. Paul Hoffman, is opening a technical school in Pakistan and has vast projects within India to train Indian technicians to take the leadership among the Indians. But the Indian technicians cannot manufacture the equipment with which to drill the wells. They often cannot get the needed fertilizer; they have not the factories.

The ratio of need in that country, as the Senator from Minnesota has pointed out, and also as applied to southeast Asia, can be a ratio of 10 to 1 for supplies and equipment, rather than the 3 to 1 called for in this amendment. Thus, applied to that particular area of the world, I submit to the distinguished Senator from Nebraska that his arbitrary standard is not applicable, and, indeed, it would become a kind of strait-jacket to hold back the progress which is now under way. In India it would result in a drastic cut, a 60-percent or 70-percent cut in available funds.

Mr. President, the Indian Government has a development program of its own for the next several years involving an investment of many billions of dollars. Roughly two-thirds of this it expects to finance itself. Against this great program of its own it will require, in using American funds, a maximum application of dollars to equipment and supplies.

Mr. President, in conclusion I ask unanimous consent to have printed in the RECORD at this point in my remarks a statement on this subject, which I had intended to give the Senate had there been time. This statement illustrates further the fact that the arbitrary ratio called for in this amendment is a handicap to the great bill we are now debating.

The VICE PRESIDENT. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BENTON
THE EFFECT OF THE AMENDMENT PROPOSED BY
SENATOR BUTLER

The only programs under the act for international development which would in fact be affected by the proposed amendment are those for Iran, India, and Pakistan, three of the most crucial areas of United States' interest in Asia. The proposed point 4 programs for India and Pakistan in fiscal year

1953 total approximately \$148,000,000. They have been carefully worked out on the basis of a combination of technicians and supplies best suited to attain the basic objective of the point 4 program in these countries. That objective is to help our friends throughout the world through the provision of know-how and supplies in the right proportion to do the job of supplementing their own efforts to improve their lagging economies.

The point 4 concept did not envisage any strait-jacket into which the program must artificially be fitted without regard to point 4 objectives. The point 4 objective in India and Pakistan specifically is to help those countries achieve in the limited time available a perceptible improvement over the poverty in which the large majority of the people of those countries now live. The achievement of this objective could not be as readily reached if the proposed attempt to fit them into the strait-jacket is successful.

Let us take a look at India to see what is happening there and why the proposed United States aid of \$115,000,000 cannot, in reason, be asked to suffer this arbitrary approach. The Indian people and the Indian Government are striving desperately to improve their present economic lot. The Indian Government's own plan to do this involves an outlay of several billion dollars in the next few years, of which about two-thirds is expected to come from India's own domestic resources, and a further amount from using up a large part of India's own foreign assets.

The proposed United States technical and economic assistance is designed to work into this program and to supplement India's own efforts. India needs technicians from the United States. India needs to send her students abroad to study. Technical competence is an essential element in India's economic progress and it is fully recognized by both the Government of India and in our own point 4 administration. It is provided for in our 1953 program, but technical assistance, to be fully effective, must be combined in different ratios in different areas with needed assistance in the form of equipment and supplies. Yes, the job requires very different combinations of men and materials in different countries and for different projects.

For example, one of India's main needs is an increase in its own food production. We hope to help India accomplish this in a number of ways. One way India can do this is to increase its use of fertilizer and not only to increase the use of fertilizer but to use it wisely. We hope to help India do this by providing fertilizer—only a part of the fertilizer that India really needs to import to obtain its full objective—and also to provide technicians who will help the Indian farmer to use this fertilizer wisely. The ratio here should not be frozen at 3 to 1: the more fertilizer in ratio to manpower costs, the better it may be. This is an example of a combination of men and materials designed to do the job which is needed in that country.

Mr. GEORGE. Mr. President, I shall be willing to consider the merits of the amendment offered by the distinguished Senator from Nebraska, but what has been pointed out on the floor is unquestionably true in the case of India and in the case of Pakistan. This identical language is in the House bill. If this amendment were adopted there would be nothing in conference, no leeway, no basis upon which a suitable compromise could be effected. As the provision stands in the House bill, some compromise might be effected which would in

substance accomplish what the distinguished Senator has in mind, but would except such areas as Pakistan and India, where, if the point 4 program is to be of any real effect, it can be applied to better effect than in almost any other part of the world. I hope the Senator will not insist upon his amendment, for that reason.

Mr. BUTLER of Nebraska rose.

Mr. FULBRIGHT. Mr. President, does the Senator from Nebraska desire to use some of his time?

Mr. BUTLER of Nebraska. Mr. President, how much time do I have remaining?

The VICE PRESIDENT. The Senator has 24 minutes.

Mr. BUTLER of Nebraska. Mr. President, I myself do not intend to use the full amount of time remaining to me, but I would say in response to the remarks which have been made in opposition to the amendment that I think no Member of the Senate is more anxious to cooperate with the people of India, or with any other area needing technical advice and cooperation of the sort we can supply, than am I. But I have seen this program carried forward until it involves tremendously large projects, including power projects and irrigation projects, which we in this country have been unable to finance for ourselves. In the case of such projects as that, the program goes far beyond the question of technical advice and assistance. It goes into the matter of furnishing raw materials and commodities in immense quantities.

I thought I had been really charitable in suggesting the Senate adopt the provision which was written into the bill by the House, requiring that not to exceed \$3 American money be spent for commodities or materials against \$1 spent for technical advice and assistance.

During the past year or two literally thousands of citizens from these countries abroad, countries to which we have sent technicians, have come to the United States. They send teams here, to whom we give all the assistance and all the education we possibly can. We pay for all that, and the cost is considerable. My amendment would provide that an additional amount could be spent for material and assistance and for the purchase of supplies. Therefore, I really think I am charitable in the suggestion I have made.

I know that, as the distinguished Senator from Georgia said, a similar amendment was adopted in the House after some debate. Frankly, it is my purpose to do the best I can to see that the amendment is adopted by the Senate, so that it will not be in conference when the bill shall have been passed by the Senate, because I believe it is a good amendment.

Mr. President, to save considerable time, I ask unanimous consent to have printed in the body of the RECORD as a part of my remarks, at this point, a statement on foreign spending.

The VICE PRESIDENT. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BUTLER

REDUCE FOREIGN SPENDING

I believe it is appropriate to recall at this time that June 30, 1952, was the date originally set for the end of the Marshall plan—the European recovery program—which was supposed, we were told, to bring peace and prosperity to the world, and to bring to an end the need for any further foreign assistance by America to Europe on a large scale.

That date, June 30, 1952, is rapidly approaching. It is about a month away. The very fact that we are now considering this pending measure—the Mutual Security Act of 1952—is conclusive proof that the Marshall plan failed of its primary purpose. Instead of coming to the end of foreign assistance, we appear to be plunging into bigger and bigger programs. If the President's foreign assistance program is followed, we shall spend \$10,345,000,000 for that purpose during the coming year—far more than we have spent for foreign aid during any single year since the end of the war.

Why is it that we find ourselves today in the position where none of these foreign problems has been solved by our generous gifts, but instead every nation is demanding more and more each year? To give a partial answer to that question, I should like to read from a letter I have just received from an old friend—a former Nebraskan—now stationed in Japan. I believe his letter shows that he is an acute observer with, at the same time, a flexible mind and a fund of good common sense. His letter reads as follows:

"Once before I had occasion to write you that it was my opinion that we were living in and through an era of world-wide political revolution. I still believe that to be true. Vast masses of peoples who have lived in political and economic bondage for centuries have suddenly decided that they have had enough of that and are struggling for a pronounced change. Unfortunately, Communists have succeeded in becoming their leaders and, being demagogues by nature and utterly unscrupulous withal, have promised more than they could fulfill even if they suddenly did become honest and well intentioned. All that they ever can do is to take from the many and give some of it to the chosen few and thus bind these chosen few to the everlasting support of the new regime. In the meantime, though, the whole people feel the exhilaration incident to change and are inclined to accept today's promises for tomorrow's supposed substance, their enthusiasm tends to infect other unhappy peoples, near and far, including, I have no doubt, a good many Americans. Hence, the danger to us and to other democratic peoples of the world.

"Because of all this I believe that America's foreign policy should be such as to insure us strong and able allies. There is no doubt at all in my mind but that we must have such allies and they must be dependable. I don't believe that they can be purchased with money, no matter how great the amount. I believe that in substance that is all that America's foreign policy has amounted to for many, many years now and I am therefore against it. In its stead we must substitute a policy which recognizes the existence of mutual needs and mutual interests and in the ordinary course of international trade take such steps as are necessary to insure that both parties to the contract shall profit. No sane businessman would deliberately destroy a good customer. Yet I feel that to a large degree that is just what we have done or are in the process of doing.

By pap feeding the peoples of Europe we have literally destroyed their incentive to work. As a single example, consider the fact that we have been shipping coal to England which has known deposits of readily accessible coal sufficient to last it for not less than 300 years. Japan has to ship in coal at prices up to \$40 per ton. But it is Japan and not England which is building cargo ships under contract for such nations as Norway and Sweden, next door neighbors to England. That is ridiculous. Instead of giving England billions of dollars in monetary aid what we should have done and easily could have done was to sell her a plentiful supply of modern coal-mining machinery on credit, the purchase price to be repaid over a long term of years and at minimum cost to her. After that (couched in diplomatic language, of course) we should have said, 'root, hog, or die.' Personally, I believe that they would have cheerfully and industriously worked and saved themselves.

"I am also of the belief that our foreign policy has been wrong where it touches the military contribution to be made by us. I do not believe that it was necessary for us to supply both the material and the manpower that we have supplied for Europe. The least that Europe could have done for herself was to furnish the soldiers needed in a peacetime army over there. Based upon their own pay scales we could have hired several times as many as the thousands that we have furnished and at less cost. Our own young men and their families would have been at home producing rather than consuming.

"I have yet to find a man here who thinks that our present policy in Korea is right. On the contrary, they think that it is all wrong. Who likes to live, let alone fight, without hope? In my judgment we not only walked into another Russian baited trap when we agreed to talk about a possible armistice, but we did it with our eyes wide open and so acted stupidly. By this time even a schoolboy ought to know that Russia is not interested in peace. The kind of a game that she is playing can only be played in a chaotic world. So if anyone back there is supposing that the soldier vote over here is going to go for Mr. Truman or anyone carrying his blessing he is in for a great surprise. These warriors are fed up with a war that is no war, with a struggle that has no plan for an end and which, continued long enough, will spell the end for them. So am I."

I subscribe fully to the thought that we must have strong and able allies. I voted for the Atlantic Pact and have always supported policies of building up close relations with allies we can rely on. But I also fully subscribe to the thought contained in the letter I have just read, of which I will reread a few sentences:

"There is no doubt at all in my mind but that we must have strong and able allies and they must be dependable. I don't believe that they can be purchased with money, no matter how great the amount. I believe that in substance that is all that America's foreign policy has amounted to for many, many years now and I am therefore against it. In its stead we must substitute a policy which recognizes the existence of mutual needs and mutual interests and in the ordinary course of international trade take such steps as are necessary to insure that both parties to the contract shall profit."

Instead of taking these obvious elementary steps, we have done just the opposite. We have not built up a relationship from which both parties can profit. On the contrary, we have built up a relationship under which all the other countries expect and demand

that America will shoulder their burdens, finance their extravagant ideas, and pay for their mistakes.

That is why none of these ambitious programs of foreign aid ever succeeds in accomplishing what its sponsors promise. They do not restore economic health because it is our policy to subsidize and support economic folly. They do not restore any nation to a condition of economic self-support because by our policies we have placed a penalty on any nation which attempts to support itself. We cut those nations off the relief roll and reserve our generosity for countries which fail to put their economic houses in order.

I mentioned the fact that the Marshall plan was supposed to come to an end on June 30, 1952. Most Members of the Senate recall the arguments that were made in support of the Marshall plan when it was first proposed. It was supposed to be the plan to bring to an end forever the necessity for any more foreign aid. At that time we were told that all our previous programs had been failures because we did not give enough. The Marshall plan was supposed to be big enough to permit recovery and rehabilitation, not merely relief.

I voted against the Marshall plan. Those of us who did so were severely criticized at that time. We felt that the Marshall plan held out no real hope of success that the international hand-out system would ever come to an end. On the contrary, the Marshall plan represented a long step in the direction of a permanent policy of foreign assistance by the United States. It was a device to prolong the foreign spending for another 4 years. That was what we tried to make the Nation understand at that time, but we were outvoted in the Senate and in the House.

Last year about this time, I presented to the Senate a tabulation showing the complete sum of what had been spent by the United States on foreign assistance throughout the war and postwar periods. At that time I pointed out that the grand total of American hand-outs up until then, including the budget request for fiscal 1952, amounted to \$104,000,000,000.

I would now like to bring those figures up to date by showing the total amount of foreign aid which has been granted as of the end of last year, and the additional amounts which have been authorized by Congress or requested by the President through this coming fiscal year. It is shown in the following table:

Gross foreign aid by U. S. Government as of Dec. 31, 1951

[In millions of dollars]

Gross foreign aid extended, wartime (World War II).....	49,224
Gross foreign aid, postwar:	
Gross foreign aid extended (through Dec. 31, 1951).....	35,571
American investment in International Bank and Monetary Fund	3,385
Gross foreign aid authorized but unutilized, as of Dec. 31, 1951	16,105
Proposed foreign aid for fiscal year 1953	7,914
Gross foreign aid, postwar: Extended, authorized, and proposed.....	62,975
Gross foreign aid, July 1, 1940, to June 30, 1953.....	112,199

Without reading this table, let me say that it shows that the grand total of foreign aid extended, authorized, or requested by the President in his 1953 budget message since the beginning of the war amounts to \$112,199,000,000.

Some people may suppose that the bulk of this sum is made up of wartime lend-lease expenditures and the like. That is far from true. On the contrary, well over half of it represents postwar spending—not wartime lend-lease. The total of foreign aid extended during the war amounted to about \$49,000,000,000. The cost during the postwar period, including the request for the coming fiscal year, will aggregate nearly \$63,000,000,000.

When we discuss these programs, mentioning billions for this and billions for that, it may be difficult for the average man to get any clear conception of just how much the program has cost him. Most of us have never seen a billion dollars, or even a million dollars for that matter. It is a little difficult to visualize the impact of such a sum.

Let us try to illustrate the meaning of these figures by translating them into terms that are a little closer to home. Assuming that the people of Nebraska must pay their per capita share of the Federal tax bill, the proportionate cost to the people in my State during this period has amounted to \$987,000,000—just short of a billion.

That is more, far more, than the total revenue of the State government of Nebraska during this entire 13-year period. It is more than the total expenditures of the State for all purposes—road construction, education, State institutions, the administrative organization, the judicial system, and everything else operated by the State government.

In other words, the people of Nebraska have had to pay out more for the assistance of foreign countries than they have spent on their own needs through their State government.

Let me make another comparison which may bring the cost of foreign aid even closer to home. Most people agree that education is one of the most important functions of our Government. Our public schools today face a serious financial problem. Additional school buildings must be built. Additional teachers must be trained and employed—and we face a severe shortage of teachers. Most people agree that we must raise teachers' salaries in order to induce young people to enter the teaching field—to say nothing of doing common justice to the teachers we already have.

Remember that the President wants to spend over \$10,500,000,000 for foreign assistance during the coming year alone. Compare that figure with the \$6,000,000,000 which was the total spent on our entire public-school system in this country in 1950—the most recent year for which figures are available.

If our school system today faces a crisis, we need not look very far to find the source of that crisis. State and local revenues which could be devoted to meeting educational needs are being siphoned away by the Federal rearmament and foreign hand-out programs. When the Federal tax collector has already drained the average citizen dry, it is pretty hard to persuade him that he must also support educational and other local functions adequately. In fact, it becomes just impossible for State and local governments to raise the funds they need. The Federal Government has preempted their revenue sources and left them very little to draw on.

I want to emphasize that in computing these figures on the cost of foreign aid, I have given only those costs which can be precisely determined and cannot be challenged. In other words, they are very conservative figures. There is no possible argument about their accuracy. I have not included under foreign aid any cost which cannot be definitely determined or fully verified.

For example, these figures do not include the cost of maintaining our present Military Establishment in Europe or for the Far East. We have today five Army divisions with supporting troops in Europe. I do not know what number of soldiers that may amount to, but there are in the Army today only 20 divisions altogether. The rest of our Army personnel are engaged in activities which support, either directly or indirectly, the striking forces represented by these 20 divisions.

In other words, one-fourth of the striking force of our Army is in Europe, to say nothing of those in Japan, Korea, and other places. On that basis, I believe it is fair to say that approximately one-fourth of our appropriations for the Department of the Army should be charged to European assistance. One-fourth of next year's appropriations would amount to between \$3,000,000,000 and \$4,000,000,000.

Probably a somewhat similar proportion of the costs of the Navy and Air Force are in the same category. I believe these costs might well be also listed under the category of foreign military aid. A computation on that basis would add billions and billions of dollars to the figures on foreign aid that I have given. However, I have not included any such military costs in the \$112,000,000,000 figure on foreign assistance. That figure is made up purely and simply of direct grants or loans to foreign countries.

The arguments in favor of continuing these foreign spending programs are placed on a different basis from those with which we used to be confronted during the period when the Marshall plan, the British Loan, and other such programs were first presented. Now, we are told that these expenditures are necessary to build up military defenses against a possible Communist attack. That is the new line of argument, now that all the old arguments have worn thin.

I tell you the foreign-aid policy has simply changed its name, not its nature. Instead of being called European recovery, it is now called mutual security. Many of the same programs continue just as before. Many of the same commodities—commodities like cotton and coal and wheat—will continue to be shipped just as before at the expense of the United States Government. Assistance which used to be called economic aid is now called defense support.

Even on items of direct military equipment, there has been no real attempt to show that Europe cannot manufacture these items themselves or else pay for them in the normal way.

Surely Europe should today be willing and able to pay for its own defense against aggression. If Europeans will not make the necessary sacrifices for their own defense, why should we think they will make the even greater sacrifices that would be required in case the shooting started? If they have not the will to provide for their own defense, how reliable will they be as fighting allies?

I predict that if the international tension ended tomorrow, the spending would continue under some other excuse. In fact, I suspect that those who dream up these programs have already chosen the vehicle under which the spending is to be continued. When the Mutual Security Program has been completed, I suspect the next big spending program is to be some variation or elaboration of the point 4 idea.

This suspicion is strengthened by the budget estimates which have been presented to us this year for the 1953 point 4 program. As originally conceived, the point 4 idea was supposed to be limited largely to technical advice by American experts. In other words, it was to consist of an export of American

know-how, not commodities. It was assumed that the principal cost involved would be for the salaries and expenses of American engineers, scientists, and teachers.

The Senate committee discovered, however, that of the money to be spent for point 4 during the coming year, more than 80 percent is to be spent for supplies and equipment. Only \$44,000,000 is to go for salaries and the like, but over \$182,000,000 for commodities and materials.

Furthermore, this program is growing rapidly. Appropriations for fiscal 1951 amounted to only \$32,000,000. For fiscal 1952, the figure was \$140,000,000. For fiscal 1953, the President has asked \$227,000,000.

Altogether it seems that the groundwork is being laid for expansion for point 4 if and when military expenditures should die down. At that time, I do not think we should be surprised to see a rapid ballooning of point 4 spending. Obviously, that is already on the schedule.

I say the time has come to call a halt to this constant expansion of all kinds of foreign handout programs under every conceivable excuse. We simply cannot afford the luxury any longer. We cannot afford to continue year after year with our budget unbalanced, with a rising national debt, with an inflationary pressure that is destroying the savings of our people.

We cannot afford to pay for gigantic hydroelectric projects in France at a time when development of our own water resources has been brought to a halt by the "no new starts" policy. We cannot afford to subsidize socialized medicine abroad at a time when we urgently need additional hospitals and additional facilities for medical training in this country. We cannot afford to underwrite socialism abroad when every socialist advance in Europe serves to undermine our own system of economic productivity.

We cannot afford to raise taxes again, and in fact, our people cannot afford to continue to pay taxes at their present rates. Taxes must be reduced, and soon.

In my position on this question, I am sure I reflect the sentiments and the feelings of the people of my State. During the recent primary campaign in Nebraska, I made my position on foreign spending clear on every possible occasion. I told my constituents that I favored cutting down on foreign assistance as much as possible, and cutting it off entirely as soon as possible. They renominated me by a rather large majority. I feel that I have a mandate from the people of Nebraska to insist on drastic reductions in foreign aid.

I understand perfectly well that it is not possible to reverse our policies completely without warning. Commitments have been entered into and agreements have been made. But I feel we must make a start toward changing this policy. The President has proposed for the coming year an increase of over 50 percent in the scale of foreign spending. At a time when our own financial situation is so badly out of balance, such a proposal flies in the face of every dictate of common sense. Our balance sheet tells us that we cannot afford any increase over last year in the foreign spending program. It should be cut back sharply at least down to the level at which it proceeded during 1952. In succeeding years, it should be tapered down further, much further.

I expect to join in amendments providing for sharp reductions in the funds authorized in this bill. Unless drastic reductions are agreed to by the Senate, I shall find myself forced to vote against it on final passage.

Mr. BRIDGES. Mr. President, will the Senator yield for a question?

Mr. BUTLER of Nebraska. I yield.

Mr. BRIDGES. The purpose of the Senator's amendment is to emphasize,

is it not, the fact which we have been told many, many times, namely, that what these countries need is technical assistance and technical advice and counsel on how to proceed and on how to act—advisory services, rather than commodities, or anything of that kind? That is the theory of the Senator's amendment, is it not?

Mr. BUTLER of Nebraska. I may say for the benefit of the Senator from New Hampshire and other Senators that I do not propose the reduction of a single cent in the provision which is made for this fund. My proposal would simply provide that, when we spend \$1 for technical assistance, we shall spend not to exceed \$3 for material and supplies.

Mr. BRIDGES. In other words, the Senator's amendment would in no way affect the over-all financial significance of the bill, but would merely establish a formula for the giving of expert, technical assistance, in contrast to the furnishing of commodities or some other tangible thing. Is that not correct?

Mr. BUTLER of Nebraska. That is correct. I think one objective would be to prevent the administrators of this fund from establishing abroad a large WPA program, which we would not establish in this country for ourselves.

Mr. BRIDGES. I think the Senator's amendment is sound and that his explanation of it is also sound. I hope the amendment will be adopted.

Mr. FULBRIGHT. Mr. President, I yield 3 minutes to the Senator from Alabama [Mr. SPARKMAN].

The VICE PRESIDENT. The Senator from Alabama is recognized for 3 minutes.

Mr. SPARKMAN. Mr. President, I first want to comment on the statement which the Senator from Nebraska has made to the effect that his amendment would not cut the appropriation a dollar. Of course it does not, by its wording, but its effect—and this is something I want every Senator to note—would be to cut the actual operations in India, for instance, by 70 percent, which would be the highest single cut, I believe, that has been proposed at any time in connection with this bill.

Mr. President, we send agricultural experts to India to help the people there learn the fundamentals of agriculture. After all, we are trying to step up in India the production of food and fiber, in order to prevent famines. India calls on us to send instructors, and we send our experts who teach the Indian people to use irrigation. But how can they irrigate without canals, dams, and pumps. We teach them the use of commercial fertilizer. What good is that, if they cannot get the commercial fertilizer? They do not have fertilizer factories. How much better it would be to help them to establish themselves on a co-operative basis and build a fertilizer plant.

Mr. BRIDGES. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I have only 3 minutes.

We teach them to dig wells and put casings in. The people of India do not have casings, and someone must furnish

them. The bill would enable them to buy casings and put them into deep wells in order to get water for irrigation.

We should teach them how to put a piece of steel on a piece of wood in order to make a plow, from which they will produce more food than with the crooked sticks which they are now using.

This is not one of the great impact programs. It is simply for the purpose of sending experts, the persons the able Senator from Nebraska is in favor of sending there, to enable the people to make practical use of the things we are teaching the farmers to use.

Mr. President, if there is any part of the program which promises to do the thing we all want to do, namely, to make fast friends throughout the world in the nonmilitary field, it is this point 4 program.

The VICE PRESIDENT. The time of the Senator from Alabama has expired.

Mr. SPARKMAN. It is essential to let them do the job.

The effect of the amendment of the Senator from Nebraska would be to cut out the part that would enable the people of India to put into effect the things our technical experts teach them should be done.

Mr. BRIDGES. Mr. President, will the Senator from Nebraska yield me 2 minutes?

Mr. BUTLER of Nebraska. I yield 4 minutes to the Senator from New Hampshire.

The VICE PRESIDENT. The Senator from New Hampshire is recognized for 4 minutes.

Mr. BRIDGES. Mr. President, the Senator from Alabama is going back to the old give-away theory. I have heard the Senator argue about the point 4 program in his very persuasive way, and I agree with him on that, but he gives himself away completely in reference to this amendment when he says it is not enough. Of course, the nations have got to start doing something for themselves. They have got to realize that this country cannot carry on its shoulders the whole world forever. When we proceed on a point 4 program of technical assistance we are going a long way. The Senator from Nebraska is willing to go further; he is willing to establish a formula of 3-to-1 which should take care of any emergencies.

I have heard a great deal said about India. When there was offered on the floor of the Senate a bill to provide \$200,000,000 for wheat for India because of a famine I was for it, but I wanted a little exchange. The Senator from Illinois [Mr. DIRKSEN] and I offered an amendment providing for a fair exchange, exchange wheat for critical war material needed for the defense of our country, which was accepted by the Senate, and it was adopted in conference. What did India do? She has been far from cooperative.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. MALONE. The junior Senator from Nevada offered an amendment to that bill when it was established that

India was short of dollars. The amendment provided that we were to take India's money at the current rate of exchange in the market of the world, not what India said her currency was worth, but what the market said it was worth. India has enough hemp and manganese for the United States and herself for a hundred years.

Mr. BRIDGES. I remember the amendment in a general way.

Mr. MALONE. We always insist on giving other nations something they do not have. I agree fully with the distinguished Senator from New Hampshire that we get nothing for anything we give, except ill will.

Mr. BRIDGES. The Republic of India is a great country, and we should like to be friendly with India. We have been friendly. I was in favor of the wheat program, but, after all, there should be a fair exchange. Remember that, when Congress under pressure turns a deaf ear on a fair exchange, we do not get critical defense materials needed for our security.

This will be remembered, and some time, if a great emergency develops about which many persons are talking—and I think there is a real emergency in the world; if the Communist forces are arrayed against America in a great conflict—what will Americans say then when our security is threatened and the enemy is at our door. I should like to see what the reaction of the general public will be at that time toward those who have not stood for a fair exchange.

Let me tell Senators that we are pretty nearly at the crossroads in this country, and it is time for us to look at these things from a practical viewpoint. I am for mutual aid, and I shall support the program; but when the Senator from Texas [Mr. CONNALLY] says we cannot cut off another dollar because if we do we shall be kicking the free world in the face, of course the Senator from Texas, able and distinguished as he is, is making a statement which is exaggerated, to say the least, in order to gain his point.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BRIDGES. Certainly.

Mr. CONNALLY. If the Senator says I have exaggerated to that extent, why not go the full length?

Mr. BRIDGES. I believe in the program. However, when the Senator says it can be cut a billion, but that if it is cut \$1,400,000,000 the program will be ruined, I do not believe that by any means.

Mr. CONNALLY. The Senator from Texas did not say that. But if the Senator from New Hampshire keeps on with his slashing knife, cutting here, here, here, and there, it will result in wrecking the program; and that is what the Senator from New Hampshire is trying to do.

Mr. BRIDGES. No; the Senator from New Hampshire is not trying to do that.

Mr. CONNALLY. The Senator from New Hampshire is using a double-edged sword.

Mr. BRIDGES. The Senator from New Hampshire is just as sincerely for this bill as is the Senator from Texas, and the Senator from Texas knows that. The Senator from New Hampshire is practical in the way in which he approaches this matter. When, on the one hand, the Senator from Texas says that we should accept the viewpoint of military leaders, and, on the other hand, he says that the Committee on Foreign Relations is not going to be dictated to by the military leaders he is talking against himself. Let us be practical. This is a technical aid program.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BRIDGES. Certainly.

Mr. CONNALLY. The Senator from New Hampshire has a double-edged sword, which cuts both backward and forward, so he swipes at one chunk of the bill. If he misses, he turns around and swipes at another. He says he is in favor of the principle of the bill. He is in favor of it, but he wants to cut its throat, chop off its tail, amputate its head, and let it go. [Laughter.]

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nebraska (Mr. BUTLER).

Mr. BRIDGES. Mr. President, I ask for the yeas and nays.

Mr. HICKENLOOPER. Mr. President, will the Senator from Nebraska yield to me a few minutes?

Mr. BUTLER of Nebraska. I yield 2 minutes to the Senator from Iowa.

Mr. HICKENLOOPER. I may need 3 minutes.

Mr. BUTLER of Nebraska. I yield 3 minutes.

Mr. HICKENLOOPER. Mr. President, in my opinion the amendment offered by the Senator from Nebraska is an excellent one. I think it should be adopted, and that we should close the gate on this situation. I have become increasingly chilly, month by month, from hearing that we must not dare to cut down and become a little economy-minded about our overseas bounties because we may lose friends. I wish to warn Congress that we may make some of those countries angry to such an extent that they will not take our money. They will spite us by not taking our money.

This spring in the Midwest Americans suffered one of the most devastating catastrophes which has ever happened in that region. I may say that the Appropriations Committees have been very good in considering our case. Almost 100,000 people were displaced by the most destructive floods which ever afflicted in the Midwest. More than 2,000,000 acres of the finest farm land that exists in the world were inundated and made useless. There have been destroyed drainage systems which have cost years of effort and millions upon millions of dollars, paid for under the free-enterprise system by the landowners themselves, not by the Government. Yet we are going to pump water out of the wells of India and dig irrigation ditches for

India. We had better be spending some money in the Midwest to help rehabilitate Americans who have in many cases lost by reason of the floods everything they had accumulated during their lives.

Mr. President, this is a good amendment. The time has long since passed—it has not just come; it has long since passed—when we had better say to the other nations of the world, "You had better be rendering a considerable portion of what assistance you require for yourself if you want to survive, because we cannot keep you forever in the manner to which you would like to become accustomed." I fear that many places in the world today we are not keeping the countries in the manner to which they have been accustomed, because they have never been accustomed to such a level as that on which we are sustaining them; we are keeping them on a level to which they would like to become accustomed, and in so doing we will eventually cause the people of this country to be deprived of their savings, if we continue to indulge in such extravagant programs.

While I do not have in mind at this moment the exact figure, several months ago more than 176,000 civilian employees of the Federal Government were employed outside the United States, trying to find places where they could spend American dollars. That is fantastic. They were traveling around, trying to arrange for projects to be constructed. They were saying, "How much American money can we use here?" and "Let us start a project there." The American people and their accumulations of savings are being destroyed by such a process. There is no reason for it.

I have supported the principle that we should furnish an opportunity to people who want to learn, not necessarily to those who do not wish to learn, not to those who merely want us to let them in so that they can get more of our money. But as to those who really want to learn techniques, I support the effort to give them advice. I think they ought to pay for it in the end out of the new wealth which such knowledge is supposed to develop, but for the present, let them have it. However, why should we have to give them technical advice, pay for the labor, and furnish the machinery out of our own shortages, then dig their ditches for them and then, I suppose—

The VICE PRESIDENT. The time of the Senator from Iowa has expired.

Mr. BUTLER of Nebraska. I yield 2 minutes to the Senator from Iowa.

Mr. HICKENLOOPER. Why should we bake their bread for them and then serve it to them at the table? I suppose it will come to that, under the profligate program which we are spreading, instead of curtailing, in the world.

I shall vote for the pending amendment because I think it is a good amendment. I am deeply sympathetic toward India, and have voted help for India, I should like to have India as a friend of the United States, but I call attention to the record of the activities of India in the United Nations, in spite of the bounty and generosity of this country,

not only since the last war, but during the war, and in years past. India has received American money, American supplies, aid toward education, and other assistance. That has all been done without cost to India. But not only has it not bought India's friendship; but it has bought India's antagonism to us, in most cases, in the United Nations Organization.

The VICE PRESIDENT. The time of the Senator from Iowa has expired.

Mr. BUTLER of Nebraska. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hendrickson	Monroney
Anderson	Hennings	Moody
Bennett	Hickenlooper	Morse
Benton	Hill	Mundt
Brewster	Hoey	Neely
Bricker	Holland	Nixon
Bridges	Humphrey	O'Connor
Butler, Md.	Hunt	O'Mahoney
Butler, Nebr.	Ives	Pastore
Capehart	Jenner	Russell
Case	Johnson, Colo.	Saltonstall
Chavez	Johnson, Tex.	Schoeppel
Clements	Johnston, S. C.	Smathers
Connally	Kem	Smith, Maine
Cordon	Kilgore	Smith, N. J.
Dirksen	Lehman	Smith, N. C.
Douglas	Lodge	Sparkman
Dworshak	Long	Stennis
Eastland	Malone	Taft
Ellender	Martin	Thye
Ferguson	Maybank	Tobey
Frear	McCarran	Underwood
Fulbright	McCarthy	Watkins
George	McFarland	Welker
Green	McKellar	Williams
Hayden	Millikin	Young

The VICE PRESIDENT. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. BUTLER].

Mr. BUTLER of Nebraska. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. EASTLAND (when his name was called). I am paired with the senior Senator from Virginia [Mr. BYRD]. If the Senator from Virginia were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I therefore withhold my vote.

Mr. MCCARTHY (when his name was called). On this vote I have a pair with the Senator from Washington [Mr. MAGNUSON]. If he were present and voting I am informed that he would vote "nay." If I were at liberty to vote I would vote "yea." I therefore withhold my vote.

The roll call was concluded.

Mr. JOHNSON of Texas. I announce that the Senators from Virginia [Mr. BYRD and Mr. ROBERTSON] are absent on official business.

The Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], and the Senator from Arkansas [Mr. McCLELLAN] are absent by leave of the Senate.

The Senator from Connecticut [Mr. McMAHON] is absent because of illness.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on

official business, having been appointed a delegate from the United States to the International Labor Organization Conference, which is to meet in Geneva, Switzerland.

I announce further that if present and voting, the Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Connecticut [Mr. McMAHON], the Senator from Montana [Mr. MURRAY], and the Senator from Virginia [Mr. ROBERTSON] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN] and the Senator from California [Mr. KNOWLAND] are absent by leave of the Senate.

The Senator from Pennsylvania [Mr. DUFF] and the Senator from Nebraska [Mr. SEATON] are necessarily absent.

The Senator from Montana [Mr. ECTON] and the Senator from North Dakota [Mr. LANGER] are absent on official business.

The Senator from Vermont [Mr. FLANDERS] and the Senator from Wisconsin [Mr. WILEY] are absent by leave of the Senate for the purpose of attending the Conference of the International Council for Christian Leadership at The Hague.

The Senator from Kansas [Mr. CARLSON] is detained on official business.

If present and voting, the Senator from Pennsylvania [Mr. DUFF] would vote "nay."

The result was announced—yeas 29, nays 47, as follows:

YEAS—29

Bennett	Dworshak	Mundt
Brewster	Ferguson	Nixon
Bricker	Hickenlooper	Schoeppel
Bridges	Jenner	Smith, Maine
Butler, Md.	Johnston, S. C.	Taft
Butler, Nebr.	Kem	Thye
Capehart	Long	Welker
Case	Malone	Williams
Cordon	Martin	Young
Dirksen	Millikin	

NAYS—47

Aiken	Hoey	Morse
Anderson	Holland	Neely
Benton	Humphrey	O'Connor
Chavez	Hunt	O'Mahoney
Clements	Ives	Pastore
Connally	Johnson, Colo.	Russell
Douglas	Johnson, Tex.	Saltonstall
Ellender	Kilgore	Smathers
Frear	Lehman	Smith, N. J.
Fulbright	Lodge	Smith, N. C.
George	Maybank	Sparkman
Green	McCarran	Stennis
Hayden	McFarland	Tobey
Hendrickson	McKellar	Underwood
Hennings	Monroney	Watkins
Hill	Moody	

NOT VOTING—20

Byrd	Gillette	McClellan
Cain	Kefauver	McMahon
Carlson	Kerr	Murray
Duff	Knowland	Robertson
Eastland	Langer	Seaton
Ecton	Magnuson	Wiley
Flanders	McCarthy	

So the amendment of Mr. BUTLER of Nebraska was rejected.

Mr. MOODY. Mr. President, I offer an amendment, which I ask the clerk to state.

The amendment is being offered by me on behalf of myself and the Senator from Illinois [Mr. DOUGLAS], the Senator from Connecticut [Mr. BENTON], the Senator from New York [Mr. IVES], the Senator from Tennessee [Mr. KEFAUVER],

the Senator from Alabama [Mr. SPARKMAN], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Rhode Island [Mr. GREEN], the Senator from Montana [Mr. MURRAY], the Senator from Oregon [Mr. MORSE], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Rhode Island [Mr. PASTORE], the Senator from New York [Mr. LEHMAN], the Senator from Michigan [Mr. FERGUSON], the Senator from New Jersey [Mr. SMITH], the Senator from Florida [Mr. SMATHERS], the Senator from California [Mr. NIXON], the Senator from South Carolina [Mr. MAYBANK], the Senator from West Virginia [Mr. KILGORE], the Senator from Vermont [Mr. AIKEN], the Senator from Missouri [Mr. HENNING], the Senator from Wyoming [Mr. HUNT], the Senator from Alabama [Mr. HILL], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Minnesota [Mr. THYE].

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 11, between lines 9 and 10, it is proposed to insert the following new section 8:

Section 115 of the Economic Cooperation Act as amended, is amended by adding at the end thereof a new subsection as follows:

"(k) of the funds appropriated pursuant to section 101 (a) (2) of the Mutual Security Act of 1951, as amended, (1) \$150,000,000 shall, to the maximum extent practicable consistent with the accomplishment of the policies and purposes of the Mutual Security Act of 1951, as amended, be expended in such manner and subject to such agreements as may be necessary to assure that the amounts of local currencies deposited under subsection (b) (6) as a result of such expenditure shall be used exclusively, in accordance with principles developed by the Administrator, to establish revolving funds in the respective countries, which shall be available for making loans and otherwise carrying out programs in furtherance of the objectives of section 516 of the Mutual Security Act of 1951, with a view to stimulating free enterprise and the expansion of the economies of those countries with equitable sharing of the benefits of increased production and productivity between consumer, workers, and owners, and (2) the Director for Mutual Security is authorized to transfer not exceeding \$2,500,000 to the Organization for European Economic Cooperation, to be used on terms and conditions to be specified by the Director in order to promote the objectives of section 516 of the Mutual Security Act of 1951, as amended."

Mr. McFARLAND. Mr. President, will the Senator from Michigan yield?

Mr. MOODY. I yield to the distinguished majority leader.

Mr. McFARLAND. I believe we can complete action on the pending bill today. That is what we shall endeavor to do.

Mr. CONNALLY. Mr. President, will the Senator from Michigan yield?

Mr. MOODY. I am delighted to yield to the distinguished Chairman of the Committee on Foreign Relations. I hope he will accept the amendment.

Mr. CONNALLY. I have examined the amendment offered by the Senator from Michigan, and I am willing to take it to conference, without any argument.

Mr. MOODY. Very well, Mr. President, I thank the Senator from Texas. I do not wish to take the time of the

Senate, but I should like the RECORD to show why I feel this amendment is so important in our fight to avert atomic war and prevent communism from engulfing Europe. Therefore I ask unanimous consent to have printed in the RECORD at this point a statement which I prepared for delivery in the Senate today, explaining the amendment. Needless to say, I am very happy that my conference with the distinguished chairman of Foreign Relations was fruitful and that it will not be necessary to deliver the statement orally.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MOODY

We have termed this amendment the "Free Enterprise for Europe" amendment.

This is an amendment which will provide positive impetus to the accomplishment of the basic objectives of this act: the internal and external strengthening of the free world, and the rejection, without atomic war, of the false and cruel slavery hidden behind the mask of communism.

The purpose of this amendment is to help Europeans build the sort of an economy in which the distortions and seductions of Red agents will fall on fallow ground; an economy in which standards of living may start progressively to rise, for all those who make a constructive contribution to the well-being of a nation and help it to stand firmly and proudly on its own feet without aid from the United States.

The provisions of this amendment will stimulate productivity and competitive enterprise among our allied countries, Mr. President. It will help European businessmen with the urge to get ahead to compete and break down the bonds and restrictions which have been erected by a near-feudal system in many areas of production. It will strike an effective, stinging and, ultimately, perhaps fatal blow to the grip of Communist-dominated labor unions.

It is procompetitive enterprise, procollective bargaining, pro high volume, high wage, fair consumer price system, such as has been generally achieved in the United States by the second industrial revolution.

It is anti-cartel, anti-Communist union, anti all of the feudal bars and restrictions and crannies of power which have handicapped the development and the living standards of European countries, and are crippling the expansion of production and keeping the Continent partially dependent on aid from the United States taxpayers even today.

This amendment is quite simple. All of us here in the Senate know that the money we appropriate for aid to Europe is spent for the most part in the United States. Goods bought with this money are then shipped abroad, free, in what amount to a renewal of wartime lend-lease, because our allies do not have sufficient dollar-exchange to pay for them.

We do this not alone to provide generous help for those who fought with us gallantly to repel Nazi tyranny and who now live by the same principles of human dignity and human liberty that we do. We do it also because in today's foreshortened world we know that a united and strong free world is essential to the security of all members of it, including the American people.

Senators know that when lend-leased goods reach Europe they are paid for in local currency, and that currency, be it pounds, francs, lire or whatever, is set aside in a fund for development of the country involved. But none of this so-called counterpart can be used on any project unless first

approved by the United States Government and the government of the country involved.

That provides us, with both an opportunity and a responsibility. It provides us with an opportunity to help enlightened Europeans to get rid of the antiquated internal barriers to their own countries' development. And it provides us with a responsibility to do exactly that, as an indispensable part of strengthening the entire free world against the threat of communism, and of bringing to an end at the earliest possible moment the need for further American aid.

This amendment directs the Mutual Security Administrator, to the maximum extent practicable within the policies and purposes of the Mutual Security Act of 1951, to set aside at least \$150,000,000 of counterpart funds to "establish revolving funds in the respective countries, which shall be available for making loans and otherwise carrying out programs in furtherance of the objectives of section 516 of the Mutual Security Act of 1951."

As stated specifically in the language of the amendment, this would be "with a view to stimulating free enterprise and the expansion of the economies of those countries with the equitable sharing of the benefits of increased production and productivity between consumer, workers, and owners."

This is directly in line with the spirit of the amendment included in the law by Congress last year on motion of the distinguished junior Senator from Connecticut, Mr. BENTON. It activates and implements that amendment. It is certainly in line with the policy and spirit of the entire program which has been undertaken by the Congress. And it will not cost the American taxpayers one thin dime. We would merely be requiring, as any wise banker would, that the fruits of our appropriations be used wisely, both in our own interest and those of our allies.

It should be emphasized that since this is merely a direction as to how counterparts created in foreign currencies shall, and shall not, be used, it does not involve an American dollar and will cost our taxpayers nothing. I think it is a thoroughly wise provision, Mr. President, and I hope the Senate will adopt it.

I feel Members of the Senate might well be asking themselves these questions, Mr. President:

Are we in truth going to win the security we are seeking by military measures alone?

Is security against Communist aggression, against a Red seizure of the allied countries so important to ourselves, to be won solely by X number of divisions equipped with X number of guns, tanks, and planes provided by appropriations of Europeans parliaments and the United States Congress?

And how long is this country going to have to stay in the aid business?

Of course, we must build up our military forces, and help our friends in the newly consummated European defense community and the North Atlantic alliance to build theirs, to deter and hurl back any possible act of Soviet aggression. As I said in this body last August, after returning from Europe and having talked with General Eisenhower, Ambassador Harriman, and many other statesmen, both of our own and foreign lands, the pace of our military build-up has been not too fast, but if anything, too slow.

But there is more involved in a sure defense of any nation of any people than military strength alone. There is the spiritual side, the psychological side, the human side. There is morale.

People fight and die on battlefields because they believe in what they are defending. And we know that the basic attack of communism, sinister as it is, has been an attempt to shake the common peoples of our allied lands in their belief in the system they have in the past and would again be defending.

We know that however much the peoples of the world share a common belief in democracy with this country, they are obviously not prepared anywhere to defend democracy merely because of what it has been able to do for America.

The democracy they are defending is democracy as they live it and what it means to them in the solution of their day-to-day problems.

The democracy they are defending is the political and economic system under which they live, and it is going to be their judgment, not ours, of whether what they have is worth defending. To me that is an issue of importance coequal with the military evaluation we are called upon to accept.

Let us look for a moment at some of these Western European countries whose governments have accepted their military responsibilities in this crucial struggle.

Let us look at some of the simple economic facts that will determine the extent of the sacrifice these military commitments will require their people to make, even with our economic aid. And let's see whether what they are defending means enough to them—unless a greater measure of hope is added—to inspire the sacrifice that this cold war is going to require of all of us.

Let us look at their economic systems and see whether, unless the right things are done within those countries, the same weaknesses which make necessary the appropriation of American dollars for their aid, does not present the dangerous possibility that that defense, in the broad sense, may not ultimately be successful.

We cannot afford to treat lightly the fact that the Communist Party still draws the largest single party vote in France and the second largest in Italy, and in both countries controls the largest labor organizations. There are reasons for this.

Those reasons relate themselves directly to the questions that I raised a few moments ago. It is a matter of fact and not a matter of speculation that the kind of capitalism that exists in most Western European countries, and which people of those countries are called upon to defend, is not the kind of free enterprise, opportunity capitalism that we have here in this country.

We cannot afford to underestimate that as a factor in estimating the strength and weaknesses of our defenses against Soviet communism. How much faith will people have in a system in which cartel-minded industrialists persist in treating their workers as a commodity; who refuse to accept their own workers as customers, and who insist on restricting markets and fixing prices beyond the reach of the average man to buy?

Last year, when we wrote the Benton amendment into the Mutual Security Act, we gave recognition to the fact that there was something involved here beyond the physical ability of these countries to produce; something making it impossible for them to achieve the necessary level of armaments, and maintain an essential standard of living out of their own resources. We recognized then that there was an economic climate, an attitude of mind that might have an important bearing on the economic capabilities of these countries. I think a few statistics, a few very simple statistics, will indicate the nature of the problem with which we are dealing.

France has a population of 42,500,000 people. In 1951 the gross national product of France was approximately \$29,000,000,000.

Remember that for the same year for three and one-half times the number of people, in this country we had a gross national product of better than ten times that. In the same period Italy, with a population of 47,000,000 people, had a gross national produce of \$15,000,000,000.

How much security can be built in a country in which 47,000,000 people are attempting to share and share inequitably, if you please, this small amount of goods and services? They simply have never discovered the second industrial revolution—the Detroit-style system, if I may be pardoned a reference to my home city, which has not alone made the United States the most productive and powerful Nation in the world, but has also raised our living standards to the highest levels of any nation in history. Communism will never get to first base in America; not alone for moral reasons, but for that reason as well.

Lasting security can never be won anywhere by any amount of military expenditures alone.

The people of Italy want from a political and economic system more than poverty, and they are going to try to find ways of getting more than poverty.

The 6,000,000 people, plus, out of 16,000,000 voting in Italy, did not vote in 1950 for the Communist Party because they believe in Marxist dogma; or because they wanted to trade their liberty for totalitarian slavery. Most of the 37 percent of the people in Italy who voted for the Communist Party did not do so because they were loyal to a foreign power, the Soviet Union.

These people voted their dissatisfaction with what they have. And as long as what they have offers little hope for something better in the future, security in that country or any other like it is going to rest on a mighty flimsy foundation.

The dikes against even such a cruel substitute as communism—which we in this country, with the perspective of distance, know can mean only disillusionment and suffering to the little people of Italy—could wear mighty thin if no hope of something better is extended for the future.

Democracy must be made to mean, especially under a barrage of deceitful Red propaganda, more than poverty and the possibility of war.

For the last 4 years we have been trying to solve the problems of Western Europe by providing enough dollars to meet its foreign-trade deficit of payments. We can understand the necessity of doing that for a period of time. But isn't it also proper that during that time we are helping to meet that deficit of payments, we should insist that the unhealthy internal situation that makes them necessary be corrected?

Isn't it our responsibility to know that we aren't using American dollars to construct a pontoon bridge across that dollar gap that will wash out with every economic disturbance that comes along?

We don't want to slap on a poultice. We want our allies to stand beside us in full strength and vigor. And that is what they want.

A great deal of emphasis was placed last year, during the congressional discussions of the Mutual Security Act, on the fact that production in Western Europe had increased 35 percent above 1938 levels. That figure might look impressive if the world stood still on 1938 levels of production and 1938 standards of living. But the world doesn't stand still and people don't want it to stand still.

When we consider the fact that during that same period industrial production in this country increased better than 150 percent, the 35 percent increase for Western Europe doesn't mean very much. Of course, we must recognize the fact that Western Europe suffered the devastation of war, that many of its factories were destroyed and had to be rebuilt, much of its manpower lost, and that normal economic functions had to be restored. We might accept that for a cause if we didn't know so much about these countries in Western Europe.

I have made many trips to Europe as a newspaper correspondent. I have talked to hundreds of people in all walks of life. I think I know a little about the economic thinking that dominates powerful interests who control the economic and in some instances the political life of some of those countries.

I think I know something of the profoundly and selfishly restricted and restrictive mentality which dominates many groups there. The cartel, unfortunately, is merely a surface manifestation. Much more fundamental are the other evidences: the complete distaste for all forms of competition, the setting of prices and wages to keep the most inefficient firms in operation, and the almost universal pattern of selling little for high profits.

The workers of the United States have confidence in our economic system because it is based upon the concept of the ever-expanding economy which promises them a continuously better future. The core of this concept is the progressive increase of productivity and the deepening of consumer markets. It is exactly here that the greatest promise lies for doing something basic for the people of Western Europe. And if it is fundamental to our own security that Europe not be engulfed by totalitarian communism, this is basic to a situation in which Europe can stand on its own feet; in which we can, bring the period of "gift dollars" to an end.

We know from our own experience that by expanding and improving the methods of production, it is possible to avoid the choice between arms and an acceptable standard of living.

It is a matter of statistical fact that man-hour productivity in most Western European countries is only a fraction of that in the United States. This isn't because they don't know how to produce. I venture to say that there is more unused technical knowledge in France and Italy than in the whole rest of the world combined.

The reason it isn't used is because their restricted, cartelized economy won't let it be used. And it is in rebellion against this frozen, feudal state of mind that most workers in France and Italy are voting when they vote Communist. They are voting their dissatisfaction with a state of affairs in which they are denied the opportunity to share the benefits that modern methods of manufacture and production make possible. There are of course agents in Moscow who would sell out the freedom of their own people to a foreign power operating in these countries. But their machinations would fall flat if they did not have the unconscious assistance of the cartellists, those who do not realize that to be prosperous and support an acceptable standard of living a nation must consider all of its people.

In my judgment, it is imperative that we make a more fundamental contribution to Western Europe than its mere reconstruction along the pattern of 1938.

We talk about a 35 percent increase in industrial production over 1938 for Western Europe, but the plain fact is that on a per capita basis, consumption of industrial production is identical with 1938. If translated into living standards, the further plain, simple fact is that the standard of living in most Western European countries is lower not higher than 1938.

Does this not indicate that there is more to our responsibility of giving leadership to the free democratic countries of the world than in helping to fix the amount of their military budget and narrowing down our support to a purely military concept?

I talked a few minutes ago about the gross national product of France and the comparison with that of our own country. Let us look at those figures a little more closely.

Let's look at their relationship to the budget of France. I understand that the budget of France for 1952 represents an outlay of \$7,500,000,000.

The gross national product figure represents a per capita income of \$690 per year. The budget takes \$176 per capita. This leaves only \$514 available for the living standards of the average Frenchman, at price levels roughly comparable to our own. That is, it would leave that if there were an equitable distribution of income and taxes.

Anyone who knows anything at all about France knows there is not such an equitable distribution. For wage earners and salaried workers the amount available is considerably less. Seventy-five percent of the tax revenues of France are derived from indirect taxes.

It does not take an economist to know that that means the greatest burden of taxation rests on those least able to pay. Here in these figures lies a danger to our defense, less obvious perhaps, but in my opinion just as real, as a deficiency in arms. The standard of living is already too low. Add to that the deterioration resulting from inflation, shortage of materials, diversion of resources to the building of armaments, and I think we can understand why there is a very real possibility that ultimately, unless proper action is taken, the principle weapon in the Soviet's arsenal may prove to be economic.

Do not misunderstand me. I am not offering these figures in an effort to establish that France or any other European country should not carry its share of the burden. I am offering these figures to illustrate how dangerous it would be to place all of our reliance on building and equipping an army. Some Members of Congress would not have us commit ourselves beyond the delivery of military end items. I am attempting to point out to you how dangerous and reckless this would be, and I am taking the figures from one country to demonstrate it.

Tremendous progress has been made in Europe. Many of the things necessary to the situation have been done. However, the economies of many countries, France, and Italy particularly, have not recovered to the point that they are providing an acceptable standard of living to their people.

My point is that when the standard of living is not acceptable, there is always danger of people seeking relief by embarking in desperation upon political adventures that may lead to fascism and communism.

In a world where there is a tremendous evil power seeking world domination, we cannot assume constants for the purpose of projecting a long-range inflexible program. The Soviet Union will, if it can, deliberately upset all our calculations by a Korea or other means because in so doing they add to the possibility of succeeding in their evil purposes.

What is true of France and Italy is true equally or to lesser extent of other countries. We know that unemployment is on an increase in Holland; we know that no appreciable progress has been made toward solving the unemployment problem in Italy. We know that Western Germany is crowded beyond its capacity with people who have fled the iron curtain. We know that Greece and Austria face serious economic problems as the situation stands today.

I call these facts to the attention of Senators to indicate how dangerous it is to believe that this struggle of Democracy against Soviet communism can be won by guns, tanks and planes alone.

I believe that this country as the leader in the struggle of the free world against the slave world has a responsibility to its own people and to the peoples of the world to exercise that leadership in such a way as to make it unmistakably clear that the purpose of the military build-up is to erect a

shield behind which free people can go about their business of building a better future.

If this means using the weight of our leadership to persuade governments that they must meet their responsibility for the well-being of their people, then the weight of that leadership must be made to be felt in that direction. Many enlightened leaders in France, Germany and Italy have urged to me that this be done.

If our leadership is to be followed through whatever sacrifices world events may require, we must identify ourselves with the hopes, the aspirations, and the welfare of the people of the democratic countries who are being asked to follow that leadership. If this means attempting to persuade their governments to abandon support for outmoded and restrictive social and economic concepts, and I believe it does, then this country must undertake that act of persuasion.

There is ample evidence that a great deal is known about the restrictions that bind the economies of many of the western European countries. There is also evidence that a great deal of thought has gone into developing methods for attacking this problem.

In July 1951, Mr. William C. Foster, now Under Secretary of Defense, in the hearings before the Senate Foreign Relations and Armed Services Committees on the Mutual Security Act of 1951, proposed a production-assistance drive to increase production and productivity in Western Europe. Mr. Foster proposed the use of \$250,000,000 of local currency counterpart to finance such a drive, most of which would go as loans and as technical assistance to individual firms which agreed to improve their productivity under agreements to share the benefits of such increase with their workers as higher wages and with consumers in lower prices.

That program makes sense to me. It is not merely a question of the hope that such a program offers to the people of these countries. It also goes back to the second question I raised at the beginning of my remarks as to how long this country must stay in the aid business. The way to end the need for aid is to insist that the aid be used intelligently.

We are asked to appropriate dollars for military end items and for defense support because the countries to whom these dollars will go are unable to maintain the necessary armaments program and sustain their civilian economies out of their own resources. If they followed modern economic practices, in the image of our Detroit, or Flint, or Los Angeles, they could do so without our help.

Some Senators wished to write Mr. Foster's proposal into the Mutual Security Act. They were dissuaded with the assurance that it was not necessary, because the Economic Cooperation Administration already had adequate power. Congress did write a broad statement of its intent that these problems would be met and solved. The Benton amendment was the result and became law. It emphasized the necessity for aiding free enterprise to regain its virility in Western Europe and to break the hold of restrictive practices and cartels on the economies of Western Europe. It also stressed the need for democratic trade-unions and collective bargaining as a means of creating domestic markets and introducing the incentives for the introduction of improved techniques of manufacture. I congratulate the distinguished Senator from Connecticut for his statesmanship in presenting it to the Senate and winning its approval.

From all I can learn however these is little evidence that this program has been properly implemented. I can't find any evidence that there have been launched programs of the magnitude and breadth that Congress had a reasonable right to expect in response

to such a clear and constructive declaration of policy.

Either I must conclude that the MSA missions did not attempt to execute the intent of Congress or that they found themselves too weak in bargaining with ministers of finance. According to present procedures, the counterpart develops in the hands of the local government, regardless of any prior agreement between MSA and the government involved as to how it is to be used.

In spite of this strong commitment to Congress last year, no country to this day has provided counterpart for the production assistance program as outlined before the committees. It is my opinion that if the Congress wishes any substantial sums to be used for the achievement of these objectives, it must act positively and clearly. Otherwise the missions, the ministries, and the parliaments will be in endless and futile debate not only over the sums of the counterpart to be earmarked, but also over whether the countries have not met all the requirements of the Benton resolution by normal budget expenditures.

Many of the great achievements of the United States have their origin in what may be called the second industrial revolution. The first industrial revolution came in Western Europe, but that did not stop the people of the United States from adopting the idea and adapting it to our own environment and culture.

The foreign affairs spokesman of the Board of Commerce of Detroit, made the point very well. Mr. Richard B. Frost said:

"We felt that recovery alone would never be sufficient to accomplish the desired end, and we favored the use of American management and technical skill or know-how by European firms on an industry-to-industry basis.

"We are more concerned today regarding the trends in relief versus permanent industrial improvements * * * Increased wealth can only be produced by greater and more efficient productivity. Without the increase in wealth productivity, we can never expect higher living standards which are so necessary in these European countries today. Furthermore, without this increased productivity we are building a permanent relief program.

"We feel that the proper use of counterpart funds has been seriously neglected. There seems to be a lack of organization for this work in the Washington office and too little thought and understanding regarding the possible use of these funds in Europe. * * *

"These funds should be utilized for the reestablishment and the promotion of multilateral trade, primarily in Europe and secondarily in other portions of the world where such trade would be beneficial to the reconstruction of Europe; for financing projects and making loans to European industries wherever such projects and loans would enhance European recovery."

The idea we are considering was not developed solely as an American export. It is a European adaptation of an American idea in which many Europeans have participated. This program has been analyzed during the last year and a half with scores of technical assistance teams. For every American interested in "productivité" there are a hundred Frenchmen, Italians, Germans, Belgians, and Austrians enthusiastic over its possibilities in their countries. In fact the phrase "productivité" in Europe has come to have an even broader concept than productivity in the United States.

Here it is essentially an engineering concept; there it has a whole "gestalt" or configuration of meaning in which physical engineering is but a minor part. To the thousands of Europeans who are waiting for a word from the Congress of the United States, it means a new economy in which the

benefits of modern technology are shared with workers and consumers; in which workers can and do buy what they produce; in which a mass market is developed to support mass production; in which production is free and unrestricted; and where the conception of the expanding economy replaces the mentality of the restricted market.

There is a great ferment of consideration and discussion of this new philosophy in Western Europe. It is growing each week as larger numbers of people are exposed to the idea and are inspired by it.

When last July a leak occurred in the New York Times to the effect that the United States, through MSA, was preparing to finance a real production and productivity program, the thrill which ran through western Europe was too genuine to be merely synthetic or imported. Within 2 days, over 8 yards of discussion appeared in the metropolitan press of Paris alone.

All parties from Socialist to Gaullist hailed it. Only the Communists were silent. It took them 2 weeks to develop a line of attack on an idea that had so caught the imagination of the European mind. Even the Communists could not attack it directly. Their charge was that it was a speed-up, and that the intent to divide with workers and consumers was not sincere.

I want to call attention to an article on French productivity, written by a famous French economist, de Jouvenel, for Barron's magazine of September 10, 1951, in which he hails the new ECA program. I should like to quote two sentences:

"With a population roughly 28 percent of that of the United States, the French gross national product of 1950 ran to less than 10 percent of that of the United States. Per capita consumption in France works out at little over one-third of United States consumption."

After this analysis de Jouvenel states: "Low productivity, rather than unfair distribution, is the prime factor responsible for the low level of French wages."

Mr. de Jouvenel went on in his article to talk about credit and investment. He showed how great was the need for credit for investment in productivity-increasing machinery. He said about the ECA's program for making counterpart funds available for this purpose as follows:

"ECA in aiming for higher productivity in this the Marshall plan's fourth and last year is on the right track.

"But,"—and mark this well—the distinguished French economist added, "there is little evidence that the French Government or ECA personnel in France have understood where French productivity is pinched at its very potential."

That is not an American talking about France. That is an eminent French economist, recognized as one of the foremost of France, talking about his country and how essential this program is to it.

In my judgment there is every reason this amendment should be adopted; none that it should be rejected.

Mr. MOODY. Mr. President, I ask unanimous consent that a statement prepared by the Senator from Connecticut [Mr. BENTON] for delivery on the floor of the Senate, together with press comments from the European press, be printed in the RECORD, at this point.

There being no objection, the statement and press comments were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BENTON

The Marshall plan was as successful as its sponsors anticipated. By the first half of 1950 the goal of economic recovery in Western Europe seemed near. Inflationary dangers and the dollar gap had been reduced to manageable proportions. For significant

parts of the European population, civilian consumption had been restored to prewar levels. The production index showed considerable improvement over the 1938 level. Communist influence was dwindling. The Administrator of the Economic Cooperation Act told us that the task of this temporary agency was nearing fulfillment.

This was a brilliant achievement in the field of United States foreign policy.

However, it was clear to some of us that even then there were some grave and disquieting and well developed circumstances. In some countries large parts of the population, particularly the laboring masses, had not shared in the economic recovery. Communist propaganda seized upon this fact and argued that American aid had simply restored the wealth and the position of the rich, making the poor in comparison appear even poorer. This propaganda line has been effective. It explains in part the ability of Communist organizations to survive the discernable improvement of living conditions in most countries.

The significance of economic progress in western Europe changed with the Korean aggression. Rearmament threatened to increase the tax load throughout Europe, endanger the value of the currencies, and lower the consumption level.

The situation in Italy illustrates this changed situation. Marshall aid has benefited that country in an amount of \$1,400,000,000. Italy has recovered to a miraculous extent from the effects of war and occupation. Production is almost 40 percent greater than prewar. Profits were and are high.

However, the industrial workers of the north and the agricultural workers of the south form a depressed area within this country. There are today 2,000,000 unemployed and perhaps an equal number of underemployed workers. The CGIL, the Communist-controlled labor organization, the strongest concentration of Communist power west of the iron curtain, has somewhere near 4,000,000 members. Its control extends to all strategic occupations. It is strong among the tenant farmers of the south. Its strength constitutes a grave danger for the European defense community. Communist control over the dock workers, to single out only this one occupation, can endanger the security of the crucial Mediterranean area.

Further, large masses of unorganized workers sympathize with the CGIL. Its strength occasionally forces even the free democratic Italian labor unions into "unity of action committees," that is, into Communist collective action for which communism can take credit. In last Sunday's elections both the extreme right and the extreme left scored important gains at the expense of the democratic center. The Communist Party nearly achieved control of Rome. The right-wing neo-Fascist group was able to chalk up significant gains in the rest of the south. Both the Communists and the neo-Fascist votes are protest votes of the propertyless landless agricultural and industrial workers against an economic system which fails to satisfy—or to promise to satisfy—their basic social and economic demands.

The possibility of the Red flag flying over the Roman Forum shows how the disinherited Italian masses would fail to come to the support of their Government in case of conflict.

We have thus far failed to induce the many necessary changes in the internal organization of the Italian and other European societies. Without such changes, these economies lack the ability to satisfy the legitimate demands of the working classes.

European business has lost whatever taste for competition it may have once had. It is largely unwilling to undertake risks. It concentrates efforts on insuring the coalition

of its predominant economic and political position. The search for security of profit margins and of investments, as a primary business motive, results in restrictive business practices and cartels. Such an attitude seeks refuge in a host of agreed upon private barriers to competition. These barriers also take form in laws and other governmental economic policies.

Because of the dominant Communist unions, and because of the cartels, this Congress, in the Benton amendment to the Mutual Security Act of 1952, called upon our administrative officers to act in such a way as to encourage free enterprise, to discourage the restrictive business practices of the cartels, and to support the free, democratic, independent labor unions.

A variety of means were studied to implement this amendment. A most promising approach attacking the failure of the European economic system to give the workers and farmers a stake in the economy has been the production assistance drive.

This amendment to provide funds still further to implement the Benton amendment will further help to promote the restoration of a dynamic and expanding economy. It will help to increase the total amount of goods and services. Thus it will enhance Europe's ability to make the urgently needed military effort without endangering the minimum standard of living. It further strengthens the competitive structure of the western European economy and simultaneously the development and functioning of the free democratic labor unions.

The amendment proposes to employ a very simple mechanism. Through the use of counterpart funds, the technical know-how and the necessary credit for equipment and working capital will be put at the disposition of individual firms, and in turn undertake to share the benefits of increased productivity with the workers, in the form of higher wages. They also will pass their increased efficiency along to consumers in the form of lower prices.

The wage increases will be embodied in collective bargaining agreements with free democratic unions.

Only free democratic and independently organized labor unions can be expected to combat the influence of the extremely well-organized Communist labor organizations; in Italy, France, and elsewhere. To compete successfully, the free unions must be able to offer to the workers tangible economic benefits. They must be able to offset the Communist doctrine that only a revolution can improve the workers lot. They must present facts which justify reasonable expectations that a new and dynamic free enterprise system is developing which is better able to fill the needs of the working population than the stagnant economies of the past.

Wherever the program of the Benton amendment became known in Europe it was greeted with enthusiasm by progressive elements of the country. The liberal press hailed it as an escape from the existing impasse. This favorable press campaign is still going on.

Many governments established productivity centers with industry and labor representation. Research organizations were set up. The character of the MSA Technical Assistance Program underwent a radical change. No longer has it been sufficient to study American production experience in a narrow technical sense. Instead the foreign visitors have experienced a growing need for understanding the economic and social institutions which account for our high levels of productivity.

World communism has recognized in the program pinpointed by the Benton amendment the most serious threat to its revolutionary message of doom. This constructive economic program, offering immediate im-

provement and hope for the future, has begun to offset the drawing power of the purely destructive doctrine which only offers pie-in-the-sky to its followers.

Communist posters appeared on all corners, decrying the so-called American speed-up. Yet so strong was the groundswell of favorable public opinion that the European cartel leadership has not dared openly to attack the new orientation which the production assistance program has provided. At the same time, even though cartel leadership has paid lip service to this program, it has done its best to stifle the efforts of the progressive business leaders to demonstrate the validity of productivity in their enterprises.

The many progressive business leaders who are now prepared to take leadership need assistance in their fight against the shortsighted restrictive business and antilabor policies of the cartels. They are eager to apply modern management techniques, to improve production methods, to increase output and to look for new markets for their products. Convinced that monopolistic business behavior simply replaces the economic risks of competition by the far greater political risk of internal disorder and external aggression, they are willing to turn their back on what some French have called business Malthusianism. These younger businessmen with a competitive outlook are not philanthropists. By selling a greater output at a lower profit margin, they expect greatly to increase their profits along lines which have built our great American industries. They should be helped if they display a sincere desire for improving their relations with their workers, and if they are willing to recognize the free democratic unions and to embody significant wage increases, relative to productivity increases, in collective bargaining agreements. Such attitudes on the part of businessmen will reduce labor strife, reduce workers' resistance to change, improve industrial morale, and reduce unit labor cost.

The ultimate goal is to strengthen the extremely weak purchasing power of the industrial workers and to produce something which continental Western Europe has never experienced, a healthy, domestic market in depth. What may appear to the cartels as class suicide, offers in fact to these men and to the many farsighted labor leaders of the free unions the only hope for their survival. Where labor shares fairly and equitably in the growing output of its work, it gains hope and regains its belief in the ability of the economic system to satisfy its basic economic demands as well as its indomitable will to maintain individual and collective freedom.

To achieve this goal, progressive business and labor needs assistance. Even against hostile Communists and cartel action, the pioneers should be assured of free access to the available raw material, to the tools of the trade, to managerial and distribution know-how, to markets, and particularly to credit at acceptable terms.

With the adoption of this amendment which provides funds to implement the Benton amendment, the production assistance program can provide for these legitimate and very real needs. MSA, with such funds, proposes to negotiate with the recipient governments for the introduction of Production Assistance Boards and for their financing. The production assistance program expects these Production Assistance Boards, representing the Government, progressive business and free labor unions, to screen the applications of businessmen and then to render the necessary assistance to the most sound and promising ventures. Such assistance will involve an undertaking by the businessmen to share the benefits of increased productivity with wage-earners in the form of higher wages and with consumers in the form of

lower prices. These Production Assistance Boards should be permanent institutions designed to carry on this work beyond the initial impetus provided by the American aid program.

With the counterpart funds available under this amendment, the Production Assistance Boards would be provided with revolving funds, that is with loan funds, which, through the continuing repayment of industrial loans, would become self-perpetuating. The European commercial banking system, for a variety of reasons, is not ready for or willing to undertake this great task.

The proposed amendment does not call for any dollar expenditures. It simply earmarks counterpart funds equivalent to \$150,000,000 solely for the purpose of stimulating the expansion of the economies of the participating countries.

The amendment I am urging on the Senate proceeds from the assumption that the earmarking of counterpart funds is necessary to provide the Administrator of the Mutual Security Agency with a clear congressional mandate. Such a mandate is deemed necessary to prevent the utilization of these funds for competing ends, as in the past. In earmarking these funds for the aims of the Benton amendment, we can serve best the long-range policy aims of this country and the free world. The interests of the United States require our allies to regain at the earliest possible moment healthy, progressive, and dynamic economies—economies able to withstand internal dissension and external aggression.

To this end, the proposed amendment directs the Mutual Security Agency to insist upon the use of \$150,000,000 in counterpart in furtherance of the objectives of the Benton amendment of the Mutual Security Act of 1951. I urge this important objective upon the Congress. In conclusion, I ask unanimous consent that a group of clippings from the European press be inserted in the *RECORD* at this point. These comments further demonstrate the great opportunity and the urgent need for the program which I have described.

PRESS COMMENTS

European press reaction to ECA's new production assistance drive ranged in tone from outright enthusiasm to the expected hostility of Communist-dominated newspapers, according to a survey of preliminary reports available in Paris.

Widespread news coverage was given the announcement of the program by major segments of the daily press, the survey showed.

While editorial comment was not immediately forthcoming in many sectors, several independent and left-wing papers took the occasion to criticize both governments and management for emphasizing profits over wages and their failure to use Marshall plan funds for improvement or living standards. They praised the more direct methods to achieve this result which were discussed in press accounts of the new program.

Other papers, applauding the drive for its imaginative scope, dwelt on the advantages the plan would bring in American technical aid to Europe's industries, although some asserted that Europe's traditional apathy and restrictionism in industrial affairs would present a formidable obstacle to the plan's success.

Communist and Red-dominated papers were unanimous in condemning the drive as a speed-up system, a means of outright control of continental industry by American capital, or as a device solely intended to hurry Europe's rearmament.

In the Soviet Union, *Izvestiya*, official Soviet mouthpiece, said the plan was a "new attempt against the sovereignty of West European countries." The article said the drive aimed at converting sections of Europe's in-

dustrial to American monopolies, and provided an opportunity for reconversion to arms production.

The greater part of Europe's press has greeted the ECA-sponsored productivity drive with an attitude which is at once friendly and constructively critical, a comprehensive survey of the field has shown.

Since the story broke on July 26, many continental papers have given it phenomenal coverage, ranging from daily page-one treatment to a vast array of editorial comment, which reflected the importance the new program has in reader interest.

Many of the newspapers applauded the policy for its initiative, scope and imagination and emphasized the advantage it would bring to Europe's industry in American technical aid and production efficiency. Others took the occasion to point up the obstacles that would have to be surmounted in wrenching Europe's industrial routine out of its traditional apathy and restrictionism.

That Communist newspapers throughout Europe assailed the new program was not unexpected. Curiously, a few organs of the extreme right, reflecting ownership views, found themselves somewhat abreast with the Communists in meeting the productivity drive with outright hostility and condemnation.

From Paris Press Review of July 30, 1951:

"The week-end and Monday Paris newspapers carried a substantial amount of reaction to the ECA announcement concerning the increased emphasis on productivity. They gave it a total of 278 column-inches."

"Generally speaking, the comment is favorable. The exceptions come from the two extremes of right and left. Naturally, the Communists are against it. And the organs of French big business are resentful or patronizing."

"The Independent Metalworkers Union welcomes the cooperation of American unions in the productivity drive, but says that the success of the whole project depends on a change of 'psychological climate' in French business. It says that too often the workers have been duped and that this time they will demand firm guarantees from management. It wants this guaranty to take the form of greater worker participation in the management of enterprises. In other words, the spokesman says: 'Open your books.'"

From *Franc-Tireur*, Paris, of July 28-29, 1951:

"Here's a shock that is a shock. The administration of the Marshall plan has just announced with full fanfare that the new objective of the plan from now on will be an increase in productivity by raising the living standard of the European workers. Proof that, in spite of all the promises of the governments and the employers of Europe, ours in particular, this standard of living has remained ridiculously low."

"The truth about the red-tape, the stupidity, the ignorance and the incompetence of the men and the system which ought to support the French people is so disgraceful that it has become an international scandal."

"How many times have we said that France, along with Italy, is in the rear-guard of economic progress and of social justice. How many times have we denounced the permanent policy of ultra-conservatism which causes one of the world's most intelligent and industrious peoples simply to vegetate. How many times have we pointed out that the workers' living standard in a divided and poverty-stricken Europe—poverty-stricken because divided—was the chief obstacle to the real defense of liberty."

"Several months ago, *Franc-Tireur* practically echoed the all but explosive report of the opposing trade unionists of the two large American labor organizations, the AFL and the CIO, who, on their return from a tour

of Europe, denounced in no uncertain terms the inability, the unwillingness of the French Government and management to change and to better the condition of the worker in France."

"In spite of those who denounce injustice in liberty only to prepare a worse injustice by the destruction of all liberties, the Marshall plan has powerfully aided the reconstruction of France. But, for a long time now, Americans themselves have realized that the Marshall plan has not helped to better the workers' condition. And why not? Because, in spite of all the requests and all the suggestions of the free trade unions, never has labor had the slightest amount of say in the use of the funds. Because, as stated in a report of the American trade unions: 'The European workers' standard of living has not been raised enough since the war, whereas the benefits to business have increased considerably.'"

"Therefore, the Marshall plan, useful and indispensable, can be really effective only if it ultimately helps the worker to escape the burden of red tape and selfishness. This watchword, promulgated yesterday to raise the standard of living, is the official condemnation of those in Europe who should have been the agents of prosperity and who in social matters have been nothing but petty 'receivers' and narrow-minded beneficiaries."

"When the organizers of the ECA say that the plan should lower prices and boost wages by increased production, to rationalize and modernize work in the French factories, is it anything but a proof of the sordid mentality of 'pay-little,' 'earn-big' which is characteristic of so many industrial leaders and the politicians who cater to them?"

"What's been done with the Marshall plan billions? Factories, dams. Yes. But has anyone thought about 'remaking' the lives of the men who have no factories or dams? And hasn't part of the billions sometimes gone for national 'housekeeping' in which the workers get only the crumbs?"

"The average annual income of a French worker is under \$500 whereas that of the American worker is \$1,500; when you tell the workers in Detroit how their French fellow-workers live, they don't believe you—they who have just won salaries and retirement pensions that the workers here dare not even dream of."

"All sorts of excuses are offered. But the real reasons are: the pettiness, the middle-class extravagance and that continual jealousy that our rich boys experience when they fear that elementary measures toward social justice might break down the scandalous class barrier, which is worse in France than anywhere else."

"It is certainly to be expected that by asking a change in method, the Marshall plan administration is going to provoke the combined wrath of all those who brandish 'national independence' for the sake of their own privileges or for a foreign despotism."

Combat, Paris, of September 13, 1951:

Jean Navier, in *Combat*, says that increased productivity "is the only chance for our economy to mark a lasting recovery," but outlines a number of problems which must be solved before productivity is a success.

"We cannot believe that the battle of production can be won with slogans, such as 'Let's roll up our sleeves' or 'Let's increase productivity.' Without a complete overhauling (of the French economy) and a simplification of commercial and economic channels, it appears difficult to raise French production to a level necessary for a real amelioration of the standard of living." Reforms needed, according to Navier, are "the indispensable expansion of credit, fiscal reform and better administrative methods, state spending, and their being covered by taxes."

Michel Collinet in Franc-Tireur, Paris, of January 11, 1952:

THE FRENCH ECONOMY

Michel Collinet, writing the first of a series on the French economy in anti-Communist leftist Franc-Tireur, warns of the "tragic tendency" of the French working class to "rush toward a regime of slavery" because it is "dissatisfied" with conditions, "and rightly so." According to Collinet, total business transactions in France are less than they were in 1938, "a depression year." "Where do the profits come from?" he asks. "From a decrease in production costs—and this is more serious—from low pay to employees."

"Nothing is more demoralizing to a worker," than the contrast between a salary which has been damaged by a rise in living costs, and high production. If (the worker's) increased fatigue (from greater production) is not remunerated, and does not follow production, the physical and moral conditions together bring resentment and disgust."

DIGEST

Digesting first 2 days Paris press reaction. Most recent treatment highlighted by front-page editorial on productivity in Le Monde. First reactions provincial press impressive both in extent and overwhelmingly favorable treatment. Consistent heavy play given to living standard angle and trade union reactions. Violent Communist attitude indicates probability of continuing all-out Communist attack. Although Moscow radio reacted immediately, Humanite today published first official answer in form of CGT communiqué which attacks program as "a new step of American imperialism to control French economy, liquidate competing enterprises, seize markets at the expense of the national economy, and find new ways to make production fall into the American war scheme." Meanwhile mission receiving substantial volume mail and telephone requests for additional information and information division swamped with press and radio inquiries. A 40-newspaper cross section of French non-Communist provincial and North African press for July 27, 28, and 30 shows lively reaction and overwhelmingly favorable (often enthusiastic) response to what influential La Depeche du Midi (Toulouse) terms "the new Marshall plan."

The Journal D'Alger: The Journal D'Alger 4-column headline calls the move a "true revolution in our economy" and states that its first result will be lower prices and higher wages. Other angles played include: (1) ECA will deal with enterprises only after prior agreement with the governments concerned, (2) ECA experts will be put at disposal of French industry.

La Depeche du Midi asserting that "labor unions are all for the American initiative" La Depeche du Midi reflects the strenuous Communist opposition by stating that the CGT is "against any effort to increase productivity."

COMMIE OPPOSITION

Productivity

L'Humanite:

"A certain Mr. Joyce, an American citizen on duty in France, has sounded the rallying call of the enemies of the working class," says Benoit Frachon, secretary-general of the Communist-dominated CGT, in this morning's Communist L'Humanite.

Frachon, in a front-page editorial, devotes several paragraphs to attacks on the "American billionaires and their agents in France," and then gets to his principal charge—that production assistance is merely an attempt to split the French labor movement.

"Mr. Joyce, in the name of his boss, Truman, is breaking lances against the CGT, which doesn't give a damn, and against (labor) unity, which interests us very much."

L'Humanite of March 15, 1952:

A violent attack on the productivity program was made in a speech by Communist Party Secretary Auguste Lecoœur. Reporting this speech, the official party daily L'Humanite on March 15 emphasized his call on Communist industrial cells to denounce the program.

Lecoœur warned workers against falling into the trap of productivity bonuses. The French Communist Party, particularly in industry, should "inform workers as to the meaning of the so-called productivity campaign."

L'Humanite quoted Lecoœur as saying, "The working class must be warned that the American plan for increased work and additional hours means that workingmen will produce more dividends for the capitalists, with resulting unemployment, dismissals, and poverty." He went on to assert that the Americans intended to corrupt a section of the workers with the bait of productivity bonuses which would later be taken away again.

Finally, Lecoœur stated that it might be difficult to convince workers that productivity was wrong. This was natural, since the party was in the vanguard of the working class, and ordinary workers had not the same grasp of the problem.

As expected, the Communist press did not fail to attack western productivity. This was done notably by the French official party daily L'Humanite of March 15 in an article reporting a speech by August LeCosur denouncing the program. Contending that the Americans sought to win workers with the bonus bait, the Communist Party secretary was quoted by the paper as saying "the working class must be warned that the American plan for increased work and additional hours means that working men will produce more dividends for the capitalists, with resulting unemployment, dismissals, and poverty."

L'Humanite of November 6, 1951: Communist L'Humanite writes that the CGT metallurgy unions have called on workers "to assure the success of the Week of International Action Against the Acceleration of Work Cadences and Sur-exploitation." It adds that the union has called on all workers to observe a minute of silence "for the victims of infernal cadences." The paper has attacked the productivity drive since its inception as merely a means of stepping up work rhythms in the factories.

CISL END-OF-YEAR PRESS CONFERENCES, JANUARY 2, 1952

Pastore's press conference (CISL)

The secretary general of the CISL, Giulio Pastore, held a luncheon press conference on January 2, 1952, which was attended by about 50 newspapermen. Highlights of the union leader's statement follow:

The need for a higher productivity in Italy and the standpoint of democratic labor on this issue formed the highlights of Pastore's speech.

Wage raises are to be considered in connection with an increased productivity. At this point, Pastore repeated both CISL and Confindustria (manufacturers' association) definitions of productivity. Productivity is far from being a super-exploitation of workers as the Communists, forgetting that Soviet Russia nurtures Stakhanovism and various forms of speed-up, label it. He added that productivity is based on modernization of plants and better use of technological methods as well as on a greater labor yield; it represents the only method of reducing costs. Nor can we accept Confindustria's interpretation that workers will be allowed to benefit from higher productivity only as consumers. Pastore denounced this attitude as typical of the narrow-mindedness of a large segment of Italian industry which "does not accept advice." CISL will insist on its pro-

posal of creation of joint labor-management committees with consultative status and functions as a means to achieve better labor relationships and improve production methods.

"CISL supports the productivity campaign on the assumption that workers will adequately share its benefits. We will go ahead in our policy of productivity, since we are sure that workers will understand and follow it."

The CISL leader expressed his dissatisfaction with Government policy in the economic and social fields. "Finally, after 8 months, the National Productivity Center has been started. We attach great importance to it as a center where the solution of many economic problems will find its right approach."

An explanation for such a negative attitude by the Government could possibly be found in the reality of the existence in Italy of strong Communist organizations which do not exist in other countries. In coping with this situation and with Communists, the Government feels what Pastore termed a "kind of inferiority complex."

Di Vittorio press conference (CGIL)

Rearmament is possible only through the exploitation of working classes. The ECA mission is sponsoring the "Crusade of Productivity." According to scientific principles, increase in productivity means improvement of quantity and quality standards which, in turn, is made possible through the modernization of equipment and better working plans, without expecting an additional effort from workers. From this standpoint, increase in productivity means progress and CGIL is for it.

But rearmament, and not economic progress, is the target of the American productivity crusade. Mr. Joyce, Assistant Administrator for Productivity of ECA, openly declared that productivity plans aim at "increasing production per unit, through the exploitation of labor forces, plants, machineries, and physical space as already existing."

Increased output would thus be attained not with the methods we would be ready to welcome, but through overexploitation of workers' strength. It is not difficult to foresee, therefore, what consequences will derive to the Italian labor force, if American designs are put into execution.

If worker's earning should be based on the attainment of productivity levels, workers themselves should be permitted to participate directly in the management or control of the firm. CGIL will firmly oppose the so-called "Productivity Crusade," in the same way it has always withstood any attempt of overexploitation of the workers.

Mr. DOUGLAS. I ask unanimous consent to have printed in the RECORD prior to the vote taken on the amendment proposed by the Senator from Michigan [Mr. MOODY], myself, and other Senators, a statement prepared by me on the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR DOUGLAS ON MOODY-DOUGLAS AMENDMENT

The ECA program gave the countries of Western Europe the boost necessary to restore its war-torn productive capacity. Without it, France and Italy and probably other western European countries would have fallen to the Communists. For without production, living standards are low, discontent rife, and political instability results. These are the conditions which feed the Communists.

With production largely restored, we created the Mutual Security Program to cooperate with Western Europe in providing for

the military defense of the free world. The threat of external Communist aggression made this imperative.

My main criticism of the foreign-aid program—and I intend it as constructive criticism—rests on a very fundamental proposition: We need the people of Western Europe on our side.

Our aid has helped all the people of Western Europe by plugging dollar gaps and thus stabilizing their national economies. Furthermore, by restoring production, living standards have improved. Then why aren't the people wholeheartedly for us? To answer this question we need to look briefly at the operation of our aid program.

BACKGROUND OF THE FOREIGN-AID PROGRAM

The basic approach of the foreign economic aid program in Western Europe has been to cover the dollar balance of payments deficits of the participating countries. This aid has enabled these countries to purchase from dollar markets, the needed equipment, raw materials, and agricultural products that they could not otherwise obtain because of the postwar disorganized world trade and the loss of dollar earnings. The aid extended by the United States under the Marshall plan helped Western Europe rebuild and reequip its worn-out and war-damaged plant and equipment. It thus helped these countries raise industrial production and keep employment at relatively high levels.

United States aid has been essential for the survival of Western Europe as part of the free world. Had we not helped Western Europe, many of the key countries would undoubtedly have fallen into the Soviet orbit. In undertaking the Mutual Security Program, our aid was also directed toward helping these countries build up their military defense against Soviet aggression and, at the same time, maintain the needed economic stability which would withstand internal aggression from local Communist forces.

HOW FOREIGN AID OPERATES

As far as the practical operation of the foreign economic-aid program is concerned in Europe, dollar economic aid gives rise to equivalent local currency in the so-called counterpart funds of the various countries. In cases where a private enterprise is enabled to purchase from dollar markets because of United States aid, the individual owner is obliged to pay for the import in the currency of his own country. Where the Government is the final recipient, the local currency for the counterpart fund is provided from budgetary sources. The individual country, upon concurrence of the United States administrator, has the use of 95 percent of its counterpart fund. The remaining 5 percent is reserved exclusively for United States uses—mainly for administrative purposes and for the purchase of strategic materials.

THE RESULTS

The effectiveness of the aid in restoring the economies and raising living standards depended largely on the existing institutional patterns of the countries. In this regard the aid has been most effective where decent wage-price and fiscal policies were followed. Benefits which accrued as a result of the aid were equitably passed on in the United Kingdom, Scandinavia and the Netherlands where this was true and the burdens of recovery and defense equitably shared. In those countries where this was not the case, as in varying degrees was the situation in France, Italy, Germany, Greece, and Austria, our aid perpetuated the existing inequities which in France and Italy threaten political stability. In these countries, the beneficial effects of the aid were not adequately felt among the ordinary workers and consumers.

Nevertheless some citizens of these countries did benefit directly. The individual plant owners were enabled to purchase needed equipment and supplies from dollar

sources—frequently at prices deflated by the artificial exchange rates. They received raw material, equipment, and services which were available only if paid for in dollars. They received loans from their Government in local currency, which would not have been possible were it not for the counterpart funds, for the purpose of reconstructing, improving, and expanding their business enterprises. The counterpart played an even more important part than the dollars, and great sums went into the basic and heavy industries, like coal, power, gas, railroads, steel, and automobiles. The industries which got help were not the small and medium-size plants which employ the millions in each country, but the few large private enterprises and especially the government-owned socialized industry.

To point to how we have helped all the people of Western Europe by helping the big industries assumes the "trickle down" theory of prosperity; namely, that as big business prospers, this will improve all phases of economic activity and living standards will rise. Higher profits, so the theory goes, make possible higher wages with a resulting increase in demand for consumers goods. This in turn, supposedly brings prosperity to wholesalers, retailers, and small business generally and living standards go up all along the line.

But even those in this country who hold to the "trickle down" theory, and I certainly do not, should recognize the basic differences between our economy and those of the western European nations. American business, when compared to western European business, is highly competitive. If we have monopoly problems here, they are nothing compared to the cartels in Europe which are often intertwined with government itself. Wages are not geared to production and even if they were, there is no real incentive to increase productivity and thus little chance of increasing wages.

The ECA officials worked under this assumption that the benefits of the improvements which resulted in these large establishments would trickle down to their workers and to the community at large. In a very imperfect way some trickle-down did occur. The workers in the large establishments, which received the ECA benefits, had a more secure and fuller workweek, and other industries and their workers had a more adequate and more assured supply of the basic and semifinished materials they needed. The gain came largely from fuller operations. Trade and business expanded, and the merchants made higher profits.

CARTEL RESTRICTIONS HINDER EQUITABLE SHARING OF BENEFITS

However, little of the benefits of the increased efficiency of the plants aided by ECA dollars and counterpart was passed on to the workers in increased wages or to the community at large in the form of reduced prices. Firms did not cut their prices or raise their wages in keeping with the increased productivity which resulted from American aid. This is due to the fact that in the atmosphere of the cartel restrictions which dominate all countries in Europe, the advanced as well as the primitive, there is no real competition for the market. Prices are set to keep the inefficient marginal firms in business. Similarly, wages are set for all firms according to the capacity of the marginal firms.

In Europe the efficient plant does not drive the inefficient out of business. The efficient plant welcomes the inefficient as establishing such a low level of labor costs, and such a high level of prices, that on each unit of production the profit of the efficient firm is staggering to any American businessman. The assistance given by the Marshall plan to the larger and more successful establish-

ments in western Europe has served in the main to enlarge this margin of profit.

Unfortunately this restrictive mentality is so pervasive and so natural in Western Europe that no legislation can get to the heart of it. Even some of the trade-unions are captivated by it, and their industry-wide bargaining and their philosophy of equality of treatment of workers, merely plays into the hands of large industry and its profits.

European industry is dominated by the philosophy of making profit through limiting production. The thought of increasing the volume of profit by greatly expanding sales at a low profit per unit is a strange American concept which is just beginning to make important converts in Western Europe. To most of industry, and to labor as well, competition is something bad which leads to bankruptcy and unemployment. The word competition is never used alone, but always linked with the word cut-throat. Europeans carry on their business, they say, as gentlemen. It is unethical to attempt to steal another's customer by underselling or to take away another's workers by offering higher wages. If anyone steps out of line, the cartels and trade associations are ready to drive him back; his raw material sources may be cut; his bank credits disappear; and even the government may step in to penalize him or threaten him with the loss of his license.

SMALL BUSINESS, CONSUMERS, AND WORKERS SHOULD SHARE BENEFITS

This is the mental environment which creates the problem of Western Europe which keeps its standard of living far below the level which modern techniques of production and distribution make possible, and which make those countries unable to compete as they must in foreign trade. Here is the core reason why Western Europe remains dependent upon the United States, whereas the skills and capacities of its people, its factories, and its resources, make possible something much better. It has a mental sickness, not a physical one, and as is well known this is the hardest sickness to cure.

Furthermore, the United States has a stiff, graduated income tax on individual incomes and a steep corporation income tax as well. We get about 84 percent of our tax revenues from these two sources, while regressive consumption taxes account for only 16 percent of the total. Compared to this 16 percent of total revenues from consumption taxes in the United States, we find a figure of 70 percent in France, 75 percent in Italy, and 55 percent in Germany.

France, Germany and Italy have progressive income taxes, but they are poorly administered.

In short, the "trickle down" theory does not work because cartel restrictions leave no incentive to increase productivity and because of poor enforcement of graduated income taxes.

What is the effect of this shortcoming? The rich get richer, productivity is stifled, small- and medium-sized businesses cannot grow, prices remain high and the worker is lost in the shuffle.

POLITICAL EFFECTS IN WESTERN EUROPE

And what do the Communists do about this? They tell the workers in France and Italy "See, the United States helps only the rich. Your role is merely to work on a low standard of living or be cannon fodder. Vote for us; join our unions. We are the ones who are really for you."

It is easy for us to see through this false propaganda. We know that the only prospect for the European worker under communism is slavery. But what of the worker himself? He is bombarded with this propaganda with the knowledge only that he lives on a miserable scale. So the Communist vote in France and Italy has become so large that it is liable to force non-Communists

coalitions with neo-Fascists in order to keep control of the government. This will further strengthen the Communists' hand by assertions that the United States is allied with the Fascists. The increase in the vote of the neo-Fascists in the Italian elections held this week shows that this is truly a great danger.

The non-Communist unions, with leadership that is well aware of the menace of communism, can emphasize the evils of the Russian system. But what can they offer to the average worker in the way of a positive program? Unless something is done to redirect the benefits of our foreign aid program, they can gain few friends to our cause. They are fighting a valiant battle for the free world. Should we politely applaud, continue to feed the cartels and do nothing? If we do, we may find ourselves with a lot of guns for defense against the Communists, but very few people with the will to resist. And those who control the cartels do not serve in the regiments.

WHAT CAN WE DO ABOUT IT?

What can we do to get the people of Western Europe on our side—to strengthen the non-Communist unions and reduce the Communist and neo-Fascist vote? One thing is needed above all else: Productivity. And the value of increased productivity needs to be shared with the people in lower prices and higher wages.

We have, by and large, restored production in Western Europe. But production is not productivity. And production can increase very little without productivity. National products can be increased only by breaking away from cartel restrictions, and by the introduction of new machinery. Even more, is there needed productivity—consciousness and the will to increase output per man-hour with technology, and testing equipment.

Now, when we talk of increased production, European workers think of longer hours and harder work. We need to help them discover means of achieving greater efficiency so that output is not measured in terms of physical labor. And we need to give the workers, consumers, and business a stake in increased productivity.

PRODUCTIVITY WILL INCREASE STABILITY

The continued instability which still exposes these countries to the threat of communism was cause last year for much questioning in Congress about the effectiveness of our aid program. If the basic objective of bringing about political stability is not being met, is there any likelihood that aid can be terminated even after the planned defense build-up provides protection from external Soviet aggression? For the problem countries as well as the rest of Western Europe, this question cannot be answered with any assurance until the restrictive outlook which dominates the economy is overcome. This was clearly recognized last year when Congress at the urging of Senator BENTON, put section 516 into the Mutual Security Act. Essentially, the aid program cannot achieve its objectives unless the economic climate in Europe is changed in line with this legislative mandate.

Our aid program should be directed toward the basic objective of encouraging the countries to overcome institutional barriers to expansion. Industry must become competitive if desired expansion of production is to be brought about. The concept of limited markets, high prices, and low wages that dominates so much of European business must be overcome. Free trade-unions and other democratic institutions can only be strengthened if the economy offers the ordinary people an opportunity to improve their lot.

The attention given to purely military aspects of defense in the Mutual Security Program is important, but so is productivity

and morale. Our economic aid should as it can be made more effective by use of broader vision in its application. The period of basic reconstruction work and major power and transport investment programs is largely over in Western Europe. Essentially, the job ahead is one of making factories and farms more efficient in the framework of an ever-expanding economy. The resultant increase in total output will help support the heavy defense expenditures and provide for an increase in low living standards. It is only in this context that Western Europe will have the internal strength to withstand Soviet aggression.

MSA FAVORS PROGRAM BUT HAS NOT ACTED

Last July, Mr. William Foster, ECA Administrator, and his deputy, Mr. Richard Bissell, presented to the Senate Foreign Relations Committee a creative and imaginative proposal to strike a powerful blow against the restrictive mentality which keeps Western Europe down. They called that proposal "The ECA Production Assistance Drive." Its method and purpose is outlined at length, beginning on page 80, in the 1951 Senate hearings on the Mutual Security Act. This was a proposal to make \$250,000,000 available to the participating countries only if they agreed to set aside the resulting counterpart in a special fund under the control and direction of a special board.

This fund was to be loaned to individual firms on the condition that the benefits from their improved productivity would be shared equitably with their workers in higher wages and with the consumer in lower prices. Only firms, which in conjunction with their workers, accepted the philosophy of expanding their production and of their lowering prices to increase their sales would be eligible for loans and for technical assistance in modern methods of production and distribution.

This was a proposal to assist would-be mavericks, and there are many such ambitious entrepreneurs, even in Europe, to attack restrictive practices in the only effective way there is, in the market place. A few of them in each industry could turn the trick. The success of these mavericks, and they certainly will be successful if given adequate support and advice, can break open the shackles which bind Europe, and provide the progressive leadership those countries need.

THE RELUCTANCE OF MSA

Senator GREEN, who was a member of the Appropriations Committee, immediately suggested to Mr. Foster that the Congress should write the proposal into the act and earmark the funds. He was dissuaded by Mr. Foster who said such earmarking was unnecessary. The subject of the more equitable sharing of the benefits of the Marshall plan was debated, however, on the floor of the Senate and resulted in the passage of the Benton amendment, section 516, which emphasized the need for strengthening free enterprise, fighting restrictive practices, raising productivity, and strengthening democratic trade unionism and collective bargaining. The production assistance drive, as outlined by Mr. Foster and Mr. Bissell, was eminently designed to accomplish all these purposes through a single but balanced instrument.

The administration has just completed an extensive presentation to Congress of the Mutual Security Act of 1952. In their presentation I note an amazing lack of emphasis on the unresolved economic problems of Western Europe. Now, I as much as anyone in this Senate, want to prepare our friends in Europe to resist any possible invasion from behind the iron curtain. However, I believe all matters must be kept in balance. The social and the economic sides to defense must not be slighted. I, especially, would like assurance on what the MSA plans to do

with the Benton amendment, and the production assistance drive, which so well implements it.

The MSA may have been afraid of the reaction of Congress. They may have felt there was real danger that this Congress in the heat of an election year would think only of arms as important and would neglect the economic and morale aspects of defense. There is temptation to cut nonmilitary aid drastically in an effort to economize. This is a course which I am sure the people of this country would not wish to take if they understood the consequences of such action.

ECONOMIC AND MORALE NEEDS RECOGNIZED BY THE MILITARY

I do not necessarily accept the word of any 5-star general as the final consideration. But it is significant, I believe, that General Eisenhower, who has observed the operation of our Mutual Defense Organization has recently said: "We must never forget that in the exercise of power in the world, the military is nothing more than the cutting edge of the machine that generates the power. By itself military force is nothing. The strength that a nation, or a group of nations, can develop is the product obtained by multiplying spiritual or moral strength by its economic strength, by its military strength. It is the product, not the sum. Consequently, if any one of these factors falls to zero, the whole is zero. There can be no army unless there is productive strength and a productive power to support it. There can be neither a strong economy nor an army if the people are spiritless, if they don't prize what they are defending."

There has been adequate experience during the last dozen years that the general is right. It would be better to have four guns in the hands of determined fighters than five guns in hands which might turn them over to the enemy when danger became real.

It would be very destructive of the morale of our allies if at the same time we insisted that they increase their rearmament effort we so cut economic assistance as to force a reduction in the standard of living which is already very low. The Communists have been telling the people of the free world that America is not truly interested in their welfare; it has merely been buying allies to sacrifice in war. After 4 years of the Marshall plan, we must not now give substance to such carping charges. We must not now by our failure to understand give rise to a wave of neutralism and anti-Americanism. We have come too far to throw away all we have accomplished in reckless short-sightedness.

The rearmament of the free world is of course the immediate necessity. It should be remembered, however, that arms are but the shield behind which economic improvement must go forward. Rearmament constitutes an appropriate defense against communism, but experience shows that the only effective offense against chaos and revolution is economic and social advance.

I believe that the Marshall plan, in spite of the limitation I mentioned before has done a great deal to lay the foundation for the return of Western Europe to economic and social health. When war broke out in Korea, the Marshall plan was about to undertake a new important phase of its program, a production assistance drive designed to bring the benefits of recovery down to the little people of each land. This work, I insist, must go forward, not only to help the people of Western Europe, but also as a positive defense need.

PROBLEM RECOGNIZED BY HOUSE OF REPRESENTATIVES

The House has passed a provision which directs the Mutual Security Agency to assure that \$100,000,000 in counterpart funds be earmarked by the participating countries for the use of the production assistance

drive and other related efforts to implement the Benton amendment. I believe that sum is too small to finance the great effort that must be made to free the economies of Western Europe so that they can truly serve the people of those lands. I suggest that the United States endow this effort with \$150,000,000 of counterpart. This would be a large enough fund, I believe, to show we are serious. It would be adequate to endow the effort with sufficient funds to run it for several years through a thorough testing period. The \$150,000,000 in counterpart funds in this case, is not in addition to the total. It is taken from the total.

An effort to change fundamental institutions, fundamental patterns of thought and action, in 1 year or even 2 is impossible. We shall have to attract important men in each country in Europe to this effort. They must be assured that our interest is not ephemeral.

I want to make it clear. I am not interested in productivity per se. I am interested in productivity as a wedge to break open the restrictive economies of Europe, as a means of introducing an expanding economy of more goods at cheaper prices, with a working population that gets higher real wages and can buy what it produces.

To accomplish this purpose I suggest that the Congress of the United States, out of counterpart funds, stake the sum of 65 cents on the future welfare of each little man, little woman, and little child in free Europe. There are about 250,000,000 such people who love freedom as we do. Sixty-five cents each can raise substantially their low standard of living. I am an economizer, but I think using counterpart funds in this manner is a read bargain.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. Moony] for himself and other Senators. The amendment was agreed to.

Mr. DWORSHAK. Mr. President, I call up my amendment 5-27-52-H.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 11, it is proposed to strike out the quotation marks at the end of line 9, and between lines 9 and 10 insert the following:

Sec. 537. None of the funds herein authorized to be appropriated shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the Mutual Security Program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

Mr. DWORSHAK. Mr. President, all afternoon we have been considering highly controversial amendments. I am pleased to offer this amendment because I believe it deals with fundamental principles which will receive the wholehearted support of the Senate.

The amendment has only two objectives. The first objective is to place curbs and restraints upon the use of funds for personal services and for other expenses in the dissemination within the United States of general propaganda in support of the MSA program.

I call it general propaganda within the United States. On Monday I invited the attention of Senators to volume I, No. 1, of the Mutual Security News. Anyone who reads this publicity release, with the notation that it is the

first of several releases which will be sent out by MSA, will, I am confident, agree with me that this kind of publicity is going far afield, especially when the information is disseminated within the United States.

No one can contend successfully that in resorting to such publicity or information releases we are doing anything abroad to help sell this particular program.

My amendment would in no way interfere with the normal or regular operations involving releases of information in the normal transaction of business by MSA.

The second proviso in the amendment would put a ban upon the use of funds under MSA for the purpose of paying expenses for a 6- or 7-week air tour of Europe by members of the press, radio, and farm organizations, as well as by representatives of other organizations and groups which have no direct interest—or legitimate interest, I may say—which is greater than that of millions of other Americans with respect to this particular program.

I can assure the Senate that this amendment would not in any way place upon the Members of Congress or officials or personnel of the Mutual Security Agency any restraint in connection with the normal discharge of their duties, but adoption of the amendment would curb the abuses in respect to the sending of other groups to Europe.

Mr. MILLIKIN. Mr. President, will the Senator from Idaho yield to me?

Mr. DWORSHAK. I yield.

Mr. MILLIKIN. Did I correctly understand the Senator from Idaho to say that the Mutual Security Agency is using public funds to send certain private citizens on tours of Europe?

Mr. DWORSHAK. Yes; that information has been developed; an article which appeared yesterday in the Washington Post substantiates that fact.

No news release was issued by the Mutual Security Agency; but the Washington Post had been invited to send a representative on the tour, so the Washington Post was aware of the fact that mutual security funds had been diverted for the purpose of paying the expenses of such a tour, although such use of its funds had not been authorized by Congress.

Mr. MILLIKIN. How far has that matter gone? Have all newspaper editors in the United States been invited to participate in such a tour?

Mr. DWORSHAK. No, evidently not; but they may be, if we do not place sufficient restraint upon such activities.

Mr. MILLIKIN. What is the situation in that respect?

Mr. DWORSHAK. I do not know. In my own opinion the officials of the Mutual Security Agency are resorting to devious ways to spread propaganda which will "sell" the foreign-aid program in the United States. In other words, if the Mutual Security Agency sends a group of American citizens on a 6-week or 7-week tour of Europe, at the expense of the American taxpayers, those who participate in the tour, being

human beings, will naturally tend thereafter to do everything within their power, by means of the radio, newspapers, farm journals, and all other media at their command, to "sell" the program of that agency.

Mr. MILLIKIN. Is it true that members of farm organizations also have been sent on such trips?

Mr. DWORSHAK. Yes.

Mr. MILLIKIN. Who else has been sent on them?

Mr. DWORSHAK. I do not know. We do not know to what extent this activity has been carried on in the past, or to what extent it may be carried on in the future.

Mr. MILLIKIN. Is the Senator from Idaho certain that the beneficiaries of this tour to Europe are not public officials?

Mr. DWORSHAK. Yes, I am.

Mr. MILLIKIN. Is it correct to state that they are not public officials?

Mr. DWORSHAK. Yes, that is correct; they are not in any way connected with the Government, with either the legislative branch of the Government or the executive branch of the Government.

Mr. MILLIKIN. Is there any authority of law for the spending of public funds for that purpose?

Mr. DWORSHAK. I do not believe so. The purpose of the amendment is to make sure that public funds will not be spent for such purposes.

Mr. MILLIKIN. Does the Senator from Idaho have any information in regard to whether such use of public funds has been made in the past?

Mr. DWORSHAK. I am not able to give the Senator from Colorado that information, but I assume that when hearings are held by the Appropriations Committee in regard to the appropriations necessary to be made pursuant to the authorization presently proposed, an effort will be made to develop all the facts in connection with this matter.

Mr. MILLIKIN. Is it correct to state that we are confronted with the threat of having sent on tours of Europe some persons who are not public officials, and of having the expenses of such tours paid with funds which have been appropriated by Congress for use in connection with the official business of the Mutual Security Agency?

Mr. DWORSHAK. That is correct.

Mr. FERGUSON. Mr. President, will the Senator from Idaho yield to me?

Mr. DWORSHAK. I yield.

Mr. FERGUSON. Is the Senator from Idaho in possession of information regarding the amount of money which in the past has been used for this purpose?

Mr. DWORSHAK. No; but according to the article which appeared yesterday in the Washington Post, several thousand dollars a day would be required to send the delegation in question on a 7-week tour of Europe.

Mr. FERGUSON. I wish to say that I have written to the Department of Defense, requesting a statement in regard to the amount of public funds used for that purpose. Thus far I have not received a reply to my request.

Does the Senator from Idaho know that the Mutual Security Agency also conducts classes to orient various individuals in such matters?

Mr. DWORSHAK. I suppose that is a part of this program. However, certainly there is no excuse for a Voice of America program to instruct the people here in the United States in regard to the activities of this agency.

Mr. WATKINS. Mr. President, will the Senator from Idaho yield to me?

Mr. DWORSHAK. I yield.

Mr. WATKINS. I understood the Senator from Idaho to say that some of the funds appropriated for the Mutual Security Agency have been used to sell its program to the people of the United States. Are some of those public funds also used to sell the program to the people of Europe?

Mr. DWORSHAK. I cannot answer that question. I suppose it is difficult to control all the activities of such delegations while they are on tours of Europe. Certainly it would be difficult to control all the observations made or all the conversations carried on by the members of such groups or delegations while they were in Europe. It would be only natural for them to feel obligated to promote, insofar as they were able to do so, the program involved in the trip they were taking.

Mr. WATKINS. Does the Senator from Idaho think it is necessary to persuade the people of Europe to accept the money we are authorizing to be appropriated for expenditure in Europe.

Mr. DWORSHAK. I should not think that would be necessary. Again I stress the point that my amendment deals with the dissemination of propaganda within the United States. That is the point which interests me most.

Mr. WATKINS. I understand that; but I am also interested in determining whether the Mutual Security Administration has spent public funds for propaganda to persuade the people of Europe to accept our money.

Mr. DWORSHAK. I do not know about that.

Mr. WATKINS. I have heard that is the case.

Mr. CASE. Mr. President, will the Senator from Idaho yield to me?

Mr. DWORSHAK. I yield briefly.

Mr. CASE. During the first year of the ECA, it sent to Europe, for the purpose of encouraging the European countries to request more tobacco from the United States, a man from the Department of Agriculture and a man who had been in industry. I very thoroughly documented that matter in the records of the House of Representatives. Such a missionary effort has been made in the past.

Mr. DWORSHAK. I thank the Senator from South Dakota.

Mr. WATKINS. Mr. President, if the Senator from Idaho will yield further to me, let me say that I understand an effort has been made, and is now being made, to persuade the people of Europe to accept our help.

Whether the information I have received in that respect is reliable, I am

unable to state. But that information has come from persons who have been in Europe, and who say that the United States Government agencies are spending large amounts of money to persuade the Europeans to accept the money the Congress is voting to be sent to Europe.

Mr. SCHOEPPPEL. Mr. President, will the Senator from Idaho yield to me?

Mr. DWORSHAK. I yield.

Mr. SCHOEPPPEL. Is the Senator from Idaho aware that tourists and other persons from Europe have been brought to the United States, and receive, while they are here, a subsistence allowance at the rate of \$10 a day, and all their travel expenses are paid? Would this amendment prevent that?

Mr. DWORSHAK. No, I do not think the amendment would in any way affect that program. The amendment would simply attempt to curb two of the abuses which have been revealed in the past 2 days by newspaper articles dealing with this specific Mutual Security Agency program.

Mr. DOUGLAS. Mr. President, will the Senator from Idaho yield for a question?

Mr. DWORSHAK. I yield.

Mr. DOUGLAS. Will the Senator from Idaho inform the Senate in regard to the degree in which the Department of Defense uses similar tours for American newspapermen abroad, in connection with projects of the Department of Defense?

Mr. DWORSHAK. At this time, I am not dealing with that particular program, because presently we have before us only the authorization bill affecting and governing the expenditures made for foreign aid in Europe, Asia, and elsewhere.

Mr. DOUGLAS. Does the Senator from Idaho favor the attaching of a similar limitation to the appropriation bill for the Department of Defense?

Mr. DWORSHAK. Yes, I shall be glad to support similar restrictions in the case of all the departments.

Mr. GEORGE. Mr. President, will the Senator from Idaho yield to me?

Mr. DWORSHAK. I yield.

Mr. GEORGE. As I understand the amendment of the Senator from Idaho, he does not seek to curb the expenditure of any of the funds authorized by this measure, except to prevent their use for purely propaganda purposes in the United States.

Mr. DWORSHAK. If the Senator from Georgia will read the second part of the amendment, he will see exactly what is provided on that point.

Mr. GEORGE. I now read the last 3½ lines of the amendment: "or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States."

Mr. DWORSHAK. I refer to the delegation which left only this week.

Mr. GEORGE. I understand.

Mr. DWORSHAK. Of course, similar delegations would be prohibited from going abroad under the Mutual Security

Program in the future. We cannot make it retroactive.

Mr. GEORGE. What the Senator is aiming to do is to prevent the use of this money for propaganda purposes within this country, or for travel expenses of those who come back and who desire to propagandize. Is that not correct?

Mr. DWORSHAK. I want the MSA to be prohibited from diverting funds from the purposes for which they have been appropriated, and using them illegitimately, as, under the existing circumstances, to send delegations abroad, the delegations upon their return home to disseminate propaganda in behalf of this particular program.

Mr. GEORGE. I merely wanted understand the Senator's amendment. The Senator does not intend, of course, to prevent the Mutual Security Agency from propagandizing abroad, that is, through the putting on of programs, or anything of that kind. Is that correct?

Mr. DWORSHAK. The amendment does not deal with that; no.

Mr. GEORGE. It is not intended to prevent that, is it?

Mr. DWORSHAK. No; absolutely not.

Mr. GEORGE. I wanted to get the statement of the Senator as to the meaning of his amendment, because I am about to suggest to the distinguished chairman of the committee that I can see no reason for resisting an amendment of this kind.

Mr. DWORSHAK. I thank the Senator from Georgia.

Mr. NIXON. Mr. President, will the Senator yield?

Mr. DWORSHAK. I yield to the Senator from California.

Mr. NIXON. The purpose of my question is to establish clearly the legislative history behind this amendment. The Senator from Idaho in his remarks has pointed out that the amendment is specifically directed, insofar as travel abroad is concerned, to the type of activity which he has described on the floor of the Senate. Is that correct?

Mr. DWORSHAK. That is correct.

Mr. NIXON. The reason I asked that question was that the amendment says: "to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States, for the purpose of publicizing such program within the United States."

In other words, it is conceivable that the Mutual Security Agency might continue paying the expenses of nongovernmental employees abroad, even under this amendment, by claiming that the primary purpose was not that of publicizing within the United States, but for some other purpose which the Agency might suggest in connection with a particular trip. As I understand, the purpose of the amendment—and this is for the purpose of getting the legislative history clearly on the record—is to prohibit exactly the type of activity which the Senator has described.

Mr. DWORSHAK. That is entirely correct.

Mr. WATKINS. Mr. President, will the Senator from Idaho yield for a question?

Mr. DWORSHAK. I yield.

Mr. WATKINS. Does the Senator recall that under the original Marshall plan authority was contained in that measure for the sending of lay observers to observe what was going on, in connection with which the administrator of the plan was authorized to pay their expenses plus a fee, say, of \$50 a day? Does the Senator recall that?

Mr. DWORSHAK. My understanding is that that was the case. I think this effort has been long delayed. We should have taken action sooner to curb such activities. We should have done so several years ago.

Mr. WATKINS. As I understand, the bills providing for the mutual security program which we have passed since the enactment of the original bill itself have simply been in the nature of amendments to the original act. Is that correct?

Mr. DWORSHAK. I think that is correct.

Mr. WATKINS. Under those circumstances, the administration would still have the authority to send so-called experts abroad, paying their expenses plus a fee of around \$50 a day, for the purpose of inspecting what we are doing in Europe.

Mr. DWORSHAK. That probably will have to be dealt with in other legislation, or by means of restrictions imposed by the Appropriations Committee.

Mr. WATKINS. If I may make this observation, I know of several instances of men being sent abroad under the Marshall plan, when about all it amounted to was to give so-called expert citizens a first-class vacation at the expense of the United States. Of course, they returned with glowing reports of what had been accomplished under the program. I doubt that they were impartial experts or observers in view of the circumstances under which they were sent.

Mr. DWORSHAK. I think it could be reasonably assumed that there could be some ulterior motive or some political motive in the sending of such civilians abroad.

Mr. MOODY. Mr. President, will the Senator yield for a question?

Mr. DWORSHAK. I yield.

Mr. MOODY. As I understood the statement of policy as enunciated a moment ago by the junior Senator from California, it is intended to have this amendment apply only to the spending of money in the United States, not to the spending of counterpart funds abroad.

Mr. DWORSHAK. I do not think we could have anything to do with counterpart funds.

Mr. MOODY. Is the Senator from Idaho aware that the very trip now being taken by the 11 farm editors, to which he has referred, will not cost the taxpayers of the United States a penny, except for \$1,000 of traveling expenses paid in connection with travel from the interior of our country to the coast? Furthermore, is he aware that on this entire trip, on which farm editors are going to Europe not only to find what the facts are, but also to serve, as I

understand it, as technical consultants, and to help educate the agricultural groups in Europe, their expenses are being paid entirely out of counterpart funds and do not cost the United States anything?

Mr. DWORSHAK. I may say to the Senator from Michigan, if that is an actual fact, then it is a breach of good faith on the part of our allies in Europe to engage in such activities, which obviously arouse suspicion in this country from a political standpoint.

Mr. MOODY. How does the Senator arrive at that conclusion?

Mr. DWORSHAK. Mr. President, I should like to use some of my remaining time.

Mr. NIXON. Mr. President, will the Senator from Idaho yield to me for a question?

Mr. DWORSHAK. I yield for a question, or I yield 3 minutes to the Senator from California.

Mr. NIXON. The Senator from Michigan has raised the question of the legislative interpretation of this particular provision. I desire to make it clear that it is my understanding, as I believe it is also the understanding of the proponent of this amendment, that we are not concerned with the question of whether the funds to be made available for this type of trip for propaganda purposes come from counterpart funds or from other funds appropriated by the Congress. The source of the funds is immaterial. What we are trying to do by this amendment is not so much to control the amount of money spent as it is to get at the practice by which the State Department or the Mutual Security Agency selects people, such as farm editors, or any other kind of editor, as potential propaganda agents, pays their expenses, by whatever method, sends them to Europe, and when they return uses them for propaganda purposes within the United States. Is that correct?

Mr. DWORSHAK. Yes. And I think our allies, in the use of counterpart funds, certainly would not ignore or defy any mandate or any recommendation given by this Congress, insofar as these practices are concerned.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. DWORSHAK. I yield briefly.

Mr. FERGUSON. I merely want to ask the Senator whether it is not true that, if these people go abroad under the guise of consultants, they are paid a per diem of probably \$50 a day, plus traveling expenses, and whether the authority is being used as a camouflage for sending to Europe as consultants people who in fact are merely traveling from one place to another, and are not serving as consultants to the farmers and the people of Europe, since they cannot have sufficient time to learn the facts to be used as the basis of such consultation and advice.

Mr. DWORSHAK. I agree with the Senator from Michigan.

Mr. FERGUSON. Is it not true that the people to whom reference has been

made were transported on an American plane?

Mr. DWORSHAK. It is my understanding that they went on an Air Force plane.

Mr. FERGUSON. Then how were counterpart funds paid for transportation on an American plane?

Mr. DWORSHAK. The information submitted by the Senator from Michigan may be correct; but, so far as I am concerned, I want these dealings to be aboveboard and in accordance with the legal authority given in the Mutual Security Act by the Congress of the United States.

Mr. FERGUSON. Mr. President, will the Senator yield further?

Mr. DWORSHAK. I yield briefly.

Mr. FERGUSON. Would the Senator agree that counterpart funds are obtained by the spending of the dollars of American taxpayers in European countries, following which the product which is paid for by means of the American dollar is sold, either to the government of the foreign country itself, or to the people, and that the currency thus obtained represents what are called counterpart funds? Then, under a contract, and arrangement we have, is it not true that we can use up to 5 percent of those funds for certain purposes so to that extent the American taxpayer can have the benefit of counterpart funds.

Mr. DWORSHAK. Indirectly. I think the Senator from Michigan is correct.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. DWORSHAK. I yield briefly to the Senator from Utah.

Mr. WATKINS. It seems to me that the counterpart funds are made possible by our expenditure of cash and by sending products abroad which are sold to those people, for which their own money is paid by them to their own government. That makes the counterpart fund. Without our contribution, there would be no counterpart fund.

Mr. DWORSHAK. That is correct.

Mr. BENNETT. Mr. President, will the Senator yield for a question?

Mr. DWORSHAK. I yield briefly to the Senator from Utah.

Mr. BENNETT. Is it not true that if we were to appropriate no money at this time, there would be no further additions to the counterpart funds, from which the expenses might be paid?

Mr. DWORSHAK. No. There probably would be an accumulation in Europe which would take care of such a program for some time if we did not prohibit it.

Mr. BENNETT. In addition to the counterpart fund, they are to get additional funds on the basis of our vote today.

Mr. DWORSHAK. That is correct.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. DWORSHAK. I am very glad to yield to the Senator from South Dakota.

Mr. MUNDT. It seems to me that the Senator from Michigan has pointed to a serious deficiency in the Senator's amendment, so that, at an appropriate

time, I propose to offer an amendment to the amendment, to read as follows:

None of the funds herein authorized to be appropriated, nor any of the counterpart funds resulting therefrom, shall be used for these purposes.

As the Senator from Michigan has pointed out, they are now getting away from the act by using counterpart funds for a purpose not intended. I think we should tighten up the amendment and have a clear showdown as to whether the funds are to be used to propagandize American citizens. I should like to have a little time on the amendment, if possible.

Mr. DWORSHAK. I shall yield the Senator from South Dakota 3 minutes.

Mr. MILLIKIN. Mr. President, will the Senator from South Dakota yield for a question?

Mr. MUNDT. I yield.

Mr. MILLIKIN. With reference to the amendment proposed by the distinguished Senator from South Dakota, I would make it sufficiently broad to cover all counterpart funds, not only those which are the result of the dollars appropriated by this appropriation, but all the others which may be used with the approval of the United States.

Mr. MUNDT. I shall be happy to make that amplification of the amendment.

I should like to point out that the Senator from Idaho [Mr. DWORSHAK] has put his finger on something very vital, something in connection with which we have been flagrantly derelict, in my opinion.

As has been pointed out, the United States has been sending junkets overseas and back again for the purpose of propagandizing persons for the support of the Defense Establishment. There has just been concluded in the State Department a whole series of foreign-policy institutes. They have brought in the presidents of women's clubs, of Rotary Clubs, and all kinds of organization officers for the purpose of propagandizing them in connection with State Department policies.

I have examined the programs very carefully. At none of the State Department's foreign policy institutes have they ever permitted anyone to raise questions or have a part in the program.

I do not object to having Government agencies try to propagandize their particular point of view; but to do so at public expense, to use the taxpayers' money, as has been done, to bring people to Washington and to send them to France or to the Caribbean for the purpose of propagandizing them, is certainly not tearing out just one page of Herr Goebbels' book in Germany; it is taking the whole book. If we are going to have considered public opinion on these questions, it has to be brought about by having persons selected and chosen to speak through their own lips to the people, and not make the people listen to an attempt by Government officials to inbreed ideas by means of assembling the people and high-pressuring them.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. FERGUSON. I should like to ask why this propaganda is put on? I received a letter today from a representative of a large industrial concern in Michigan who had been invited a number of times to go on one of these trips by the Defense Department. He wrote me in order to call my attention to the fact that having declined all the invitations, his son has now been invited to go on such a trip. He said it would probably involve only a few dollars compared with the millions of dollars spent for other purposes.

The VICE PRESIDENT. The time of the Senator from South Dakota has expired.

Mr. DWORSHAK. I yield one additional minute to the Senator from South Dakota.

Mr. FERGUSON. I wanted to ask whether the fact that the son is invited clearly indicates that the invitation is for propaganda purposes.

Mr. MUNDT. There can be no question about that. My attention was called to the situation by a very distinguished citizen of Baltimore, Md., a high national officer of a perfectly reputable American association, who bitterly protests that he was brought to the State Department. He favors the Administration's point of view, but he says, "What are we coming to in the United States when we have to pay taxes for government agencies to bring us to Washington and try to propagandize us?"

Mr. CONNALLY. Mr. President, I yield a few minutes to the Senator from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. President, I know that one of our favorite sports is to make a whipping boy out of any effort of the Government to supply information to any of the small newspapers of the country.

There are literally hundreds of small weekly and daily newspapers which cannot afford to have special writers in Washington. So, in an effort to try to keep a fairly good sized segment of the American public informed as to what \$6,900,000,000 of the taxpayers' money is going for, the Mutual Assistance Administration asked if the smaller newspapers would like to receive a clip-sheet showing some of the things the money for which was being expended. Many answers were received, asking that the information be sent to them.

In order not to spend a lot of secretarial time on mimeographing, postage, and other things, they are preparing once a month what is called a clip sheet. It is the Mutual Security News. The purpose is to try to keep the people of America from having an iron curtain between them and the Government in connection with how their money is being spent. I have read it rather carefully. I consider it to be useful information.

It is costing approximately \$675 a month to supply those who thought enough of it to wait in and ask for it. Money for clerk hire, mimeographing, and folding is saved. I think the paper is fairly well condensed. I do not consider it to be propaganda, although I recognize that anything that might show

that America is doing something right once in a while is determined to be propaganda by some Senators on the other side of the aisle.

Mr. CHAVEZ. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. CHAVEZ. Mr. President, I think the Senator from Oklahoma is presenting something of interest to the American people. We have had a Voice of America, but not a voice for America. The only thing that is done by the clip sheet to which the Senator has referred is to inform the American people about what is going on. I think they are entitled to know it. The difficulty has been that America has not been informed as to what has been going on. I am very glad the Senator from Oklahoma has taken time to show that, after all, Americans should also be informed as to what is taking place.

Mr. MONRONEY. As shown by the cards I have exhibited, certain editors think they should have the information and not have to depend upon the Republican clip sheet which gives the Republican angle. They get their information from a Government source.

Mr. MOODY. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. MOODY. Is it not a fact that it is very well recognized that a good way to get the facts about a situation is to go and see? I have never heard any objection raised when a committee of the Congress wants to go abroad to get facts. It is always justified on the ground that we must have first-hand information in order to act intelligently. Is it not a fact that the persons who have been brought here on occasions are persons, as the Senator from South Dakota said a moment ago, who represent fraternal organizations, farm organizations, and business organizations? Does the Senator think they are a lot of dummies who will take exactly what is handed to them? Is it not good practice to tell the American people what is going on so they can act intelligently on foreign policy?

Any move to shut off information from the American people, it smacks of censorship, and I do not like it.

The VICE PRESIDENT. The time of the Senator from Oklahoma has expired.

Mr. MONRONEY. Will the Senator from Texas yield me five additional minutes?

Mr. CONNALLY. I yield the Senator from Oklahoma five additional minutes.

Mr. FERGUSON. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. FERGUSON. Is it apparent from the tear sheet which the Senator holds in his hand that much of the news comes from abroad and by cable?

Mr. MONRONEY. No. Some of it bears a Washington date line. For instance, a recent London date line says "British get United States radar know-how." I do not believe there is anything subversive about letting the people know that the British have used some of our radar know-how.

Mr. FERGUSON. The question is whether or not some of the money is not spent for cables to send this information, so that it may be printed in the tear sheets.

Mr. MONRONEY. Oh, my dear Senator—

Mr. FERGUSON. I am merely asking the Senator.

Mr. MONRONEY. I should like to give the Senator these figures: In 1952, the budget for information for the foreign aid program was \$369,500. The budget for the year 1953 is \$250,000. That is a decrease of \$119,000 from what it was last year. Yet the good Senator from Idaho is fearful that we are wasting a large amount of public money. Anybody who knows how information is sent out knows it can be done cheaper with a clip sheet than it can be done by sending out 50, 60, or 100 separate press releases, involving mailing costs, and the cost of clerical help. The figure of \$119,000 in savings must indicate that somebody is trying to watch the dollars on publicity expense.

Mr. CHAVEZ and Mr. CASE addressed the Chair.

The VICE PRESIDENT. Does the Senator from Oklahoma yield; and, if so, to whom?

Mr. MONRONEY. I yield to the Senator from New Mexico.

Mr. CHAVEZ. The Senator from Oklahoma is of course correct. As far as dollars and cents are concerned, they are a small item. The point is that the American people are being informed by the expenditure of a small amount of money of what is going on so far as the Government is concerned. That is the point. We have been telling Asia, we have been telling Europe, we have been telling Sweden, we have been telling Iran, what we have in mind, but the only people who are not informed are the American public, and I think they are entitled to know what is going on.

Mr. MONRONEY. Even the press services, such as the AP and UP, cannot cover fully a program as broad as the Mutual Assistance Pact. They like to have help. I am sure those experienced newspaper men are not going to fall victims to propaganda, slanting their stories because they might have read something in a news release or clip sheet they received.

Four great farm organizations—the National Grange, the Farmers Union, the American Farm Bureau Federation, and the National Council of Farm Cooperatives—are sending their editors to Europe. The distinguished Senator from Idaho says those men will be obligated to become propagandists. I know the Farm Bureau Federation and other farm leaders. And I am sure those good farmers could not be obligated to become propagandists for anything they do not see or do not believe in.

I hope we can have a few other people go to Europe to learn something of what is going on. Senators are not the only infallible people in the world who ought to be able to set foot abroad, with expenses paid. Perhaps some of our tax-paying citizens, representing the great farm organizations, could go and do just

as much good as do Senators and Representatives traveling at public expense.

The Senator from Idaho could ascertain if he called on the State Department, that this activity cost \$1,000 in American money. The rest of the cost comes out of counterpart funds, which were provided in the original ECA Act. Five percent of the counterpart funds, none of which are spendable outside these European countries, are being spent on education and mutual understanding.

Even Pan-American Airlines are taking this group of farm editors to Europe with counterpart funds. Think of it, costing only a thousand dollars to have leaders of the American farmers sitting down in meetings with European farmers, talking about methods of modern farming. If we are engaged in trying to help Europe to help itself, how better can we do it than by getting a few dirt farmers from America to sit down and talk across the table to their counterpart farmers of Europe?

I think this is one of the pennywise, pound-foolish amendments, which tries to fryspeak a great bill and a great program. I sincerely hope the amendment will be defeated.

The VICE PRESIDENT. The time of the Senator from Oklahoma has expired.

Mr. CONNALLY. Does the Senator from Idaho desire to have any more time yielded?

Mr. DWORSHAK. I may say to the distinguished Senator from Texas, the chairman of the committee, that I appreciate his generous offer, but I have had several requests on this side of the aisle to ask for the yeas and nays, so that we may have a show-down to determine just what kind of policy we are going to follow. I thank the Senator from Texas very much.

Mr. CONNALLY. Very well. I have been generous to the Senator from Idaho. If he wishes to turn down my offer, that is all right.

Mr. DWORSHAK. It is up to the Senators; they may turn it down if they so desire.

Mr. MOODY. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

The VICE PRESIDENT. How much time does the Senator desire?

Mr. MOODY. I should like to have 5 minutes.

Mr. CONNALLY. I would suggest that the Senator take 3 minutes.

Mr. MOODY. That is all right.

The VICE PRESIDENT. How much time does the Senator from Texas yield to the Senator from Michigan?

Mr. CONNALLY. I yield 3 minutes.

Mr. MOODY. The Senator from Oklahoma has, I think, well said that every time a bill of this nature comes before the Senate of the United States, someone rises, and, in some guise, offers an amendment which is designed, or if it is not designed would have the effect of tending to shut off from the people of the United States information about the Mutual Security Program.

If a program involving five or six billion dollars is not a program about which the American people should have

full information, then I do not understand what the Senate may be doing in voting that much money for such a purpose.

As the Senator from Oklahoma has pointed out, there is in progress a commendable effort by the Mutual Security Administration to cut down the expense of getting information disseminated. The information should go out. Last year we had before us on a similar motion an effort to make a crippling cut of the Information Division of the State Department. At that time the implication was left that the representatives of farm and veterans' and women's organizations who were asking factual information about our programs were not intelligent people, but a bunch of dopes and dummies who would swallow whole anything they were told by the State Department. I think that is an insult to the intelligence of people involved.

I believe the Mutual Security Program to be a worthy one. I look on the pending amendment as dangerous because it would cut off from the people sources of information the people should have. It does not exactly impose censorship, but, as I said a few minutes ago, it smacks of censorship. I hope the Senate will reject the amendment.

Several Senators addressed the Chair.

The VICE PRESIDENT. The Chair cannot recognize any Senator unless he is yielded to by those who control the time.

Mr. CONNALLY. Mr. President, I control the time.

Mr. MUNDT. Mr. President, a point of order. Do I understand the Chair correctly to rule that I cannot be recognized to offer an amendment?

The VICE PRESIDENT. The Chair did not make such a ruling. Debate on the pending amendment is under control of the Senator from Idaho [Mr. DWORSHAK] and the Senator from Texas [Mr. CONNALLY]. When the debate is concluded, the Chair can recognize the Senator from South Dakota for the purpose of offering an amendment.

Mr. MUNDT. I have an amendment lying on the table.

Mr. HUMPHREY. Mr. President, will the Senator from Texas yield to me?

Mr. CONNALLY. I yield 3 minutes to the Senator from Minnesota.

Mr. HUMPHREY. I wish to associate myself with the views and the remarks of the Senator from Oklahoma [Mr. MONRONEY] and the Senator from Michigan [Mr. MOODY]. The matter boils down to one issue, that the Congress of the United States is asked to indicate that it is afraid of the American people. The American people have a right to hear from their government. This program has been underwritten by an overwhelming majority of Democrats and Republicans. What are we afraid of? The personnel in the Mutual Security Agency have been screened. They are supposed to be loyal American citizens. The Agency hires competent journalists and news analysts to handle public relations.

I go along with the Senator from Oklahoma, in asking what is wrong with a group of people from farms, factories,

businesses, and colleges traveling to the countries of Europe and learning about what America is doing in its great cooperative relationship for the security of this country.

I ask the Senate of the United States, if we are worried about spending a little money for personal services or printing or dissemination of information or propaganda, how about checking the franking privileges for Members of the Congress, how about checking some of the privileges we have in sending committee reports and hearings to the people of the country? It would be ridiculous to assume that the Congress of the United States is not supposed to send out information as part of its work. Yet Congress is now talking about stopping an agency from sending out information about the activities of a program which is endorsed overwhelmingly by both Houses of Congress.

I wish to ask one other question. How about the colleges and foundations in America which may get information about this program? Are the proponents of this amendment suggesting that every little college in America send agents to Washington to meet with the Director of the Mutual Security Administration, or with his public relations people, in order to find out about some project? We are asking colleges, foundations, and philanthropic institutions to enter upon programs of a private nature. This amendment would stop the use of such funds. It is almost unbelievable.

Let me tell the Senate what has happened. On the other side of the aisle there has been an uprising of Senators who say that they do not want any information to get out. Am I to understand that the votes which have been cast for mutual security are not votes which were really believed in? I presume that they were. I know that there is sincerity of purpose. Then what are they afraid of? Why not permit information to get out to the country newspapers, periodicals, the weekly press, and the smaller radio stations?

The VICE PRESIDENT. The time of the Senator from Minnesota has expired.

Mr. HUMPHREY. Mr. President, will the Senator from Texas yield me two more minutes?

Mr. CONNALLY. I yield two additional minutes to the Senator from Minnesota.

Mr. HUMPHREY. Why not permit information to get out to colleges? Furthermore, what this country needs is a great exchange of people. The purpose of this effort is to fortify the exchange program. I am surprised that the Senator from South Dakota, who has been one of the proponents of the exchange program, should feel that our American people should not have an opportunity to go to European countries and Asiatic areas to study the problems of those areas. I do not believe that any intelligent American citizen is going to be hoodwinked. I do not believe that any public relations man in the Mutual Security Agency is going to be able to pull the wool over the eyes of the country editors who left on Monday to go to Europe.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MOODY. Is there not this point in addition to those mentioned by the Senator from Minnesota: From the standpoint of economy, the portion of this amendment which applies to traveling abroad is utterly phony. As I pointed out a few minutes ago, all the expenses of the traveling representatives of the United States are paid out of foreign currencies, out of money put up by foreign countries, as counterpart funds to the money which is voted by the Congress. If such moneys are not used for the purpose of exchanging information between the people of America and the people of other countries, it will be used by other countries in some other way.

Why is it that every year there is an attempt to curtail or shut off sources of information, to prevent the American people from learning all about the situation? Is it because those opposing this program do not trust the people, or is it because they realize that this is a good program, and are afraid that if the people are fully informed the arguments which they have been making against it will melt into thin air?

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. AIKEN. The Senator from Minnesota and the Senator from Michigan have asked several times, "What are they afraid of?" I suppose reference is made to the proponents of the amendment.

Mr. HUMPHREY. Yes.

Mr. AIKEN. I have been listening for quite awhile. I have come to the conclusion that the proponents of the amendment are afraid that the administration is going to use all the money it can get its hands on in the particular information programs to influence the next election. I think the Senator from Minnesota is entitled to an answer to his question, as to what "they" are afraid of.

Mr. HUMPHREY. I thank the Senator.

Mr. AIKEN. I am not discussing the merits of the question. I am merely attempting to answer the question.

Mr. HUMPHREY. I think the Senator from Vermont is being honest. I think the reason for the opposition on the Republican side of the aisle is the fear which has been expressed.

Mr. AIKEN. Certainly.

Mr. HUMPHREY. All I can say in answer to that is that the Mutual Security Agency has conducted its affairs in an honorable manner. There is not a scintilla of evidence to indicate that it has indulged in partisan politics in its activities. I submit that the Mutual Security Program is vital to the defense of this country; and if it is vital to the defense of this country, which may involve the lives of the men of this country, at least the people of America ought to know something about it. To attempt to draw an iron curtain around information is beyond what I consider to be a democratic procedure or democratic thought. I had hoped that my Republican friends would join in getting more information out to the American people,

getting information to friends and foes alike. I submit that the Republican side of the aisle can produce not a bit of evidence to indicate that the people who have been sent on trips to Europe have been blood-tested as to their partisanship or their attitudes, to determine whether they were for mutual security or against it.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I do not yield.

Those people have been selected on the basis of the groups which they represent. To place this amendment in the bill would be to say that we believe in censorship.

The VICE PRESIDENT. The time of the Senator from Minnesota has again expired.

Mr. DWORSHAK. Mr. President, I yield 1 minute to the Senator from South Dakota [Mr. CASE].

Mr. CASE. Mr. President, I suggest that the answer to all the questions which have been hurled in the past few minutes was suggested in the statement of the Senator from Oklahoma [Mr. MONRONEY], who said that he did not want the people to get all their information from the Republican publicity clip sheets. I suggest that what we are objecting to is the use of Government money to make this program a substitute for a Democratic clip sheet.

Mr. MOODY. Mr. President, will the Senator yield?

Mr. CASE. We have no objection to a Democratic clip sheet. But when the Senator from Oklahoma says that he does not want the people to get all their information from a Republican publicity clip sheet, he is suggesting that the thing to do is to use this program in lieu of a Democratic clip sheet. I have no objection to the Democrats having a clip sheet, but I do not like to have them use public funds to operate it.

Mr. MOODY. Mr. President, will the Senator yield?

The VICE PRESIDENT. The time of the Senator from South Dakota has expired.

Mr. MOODY. Mr. President, will the Senator from Texas yield me 1 minute?

Mr. DWORSHAK. Mr. President, I yield 1 minute to the senior Senator from South Dakota.

Mr. MUNDT. Mr. President, I will speak on my own time on my amendment.

The VICE PRESIDENT. Is the debate closed on the pending amendment? If so, the Senator from South Dakota [Mr. MUNDT] offers an amendment to the pending amendment, which the clerk will state.

The LEGISLATIVE CLERK. In the pending amendment, on page 1, line 2, after the word "appropriated", it is proposed to insert "nor any counterpart funds" so as to read:

SEC. 537. None of the funds herein authorized to be appropriated, nor any counterpart funds, shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the Mutual Security Program, or to pay the travel or other expenses outside the United States of any citizen or group of citi-

zens of the United States for the purpose of publicizing such program within the United States.

Mr. MUNDT. Mr. President, I shall not take the full 30 minutes on this amendment, or any considerable portion thereof. However, I present it in this form so that we may have clearly before us the decision to be made by the Members of the United States Senate as to whether or not we are to go on record in the ensuing yea-and-nay vote as endorsing a program of self-propagandization.

I have heard some curious arguments on behalf of the propaganda efforts—they are not information efforts, but raw propaganda—from some of the opponents of this amendment. They would have us believe that the information desired could not be obtained from the Associated Press, the United Press, The International News Service and other news agencies, or from the eyes and ears supplied by the State Department and its Foreign Service officers. They would have us believe that this surreptitious method is necessary. I call it surreptitious because this is an underhand, unauthorized, stealthy method of trying to convey information to the American public. I shall point out why.

I think most Senators know that I have been very much interested in providing adequate information services in connection with the Voice of America. I have frequently taken the floor to solicit additional funds for that purpose. I may do so again. As my associate in the authorship of that bill the Senator from New Jersey [Mr. SMITH] will testify that when we prepared the Voice of America legislation we specifically provided that none of the funds, talents, or techniques could be used for propaganda within America. It was purely a job of carrying the Voice of America overseas. It was not considered wise then, and I do not consider it to be wise now, to give the State Department, the Mutual Security Administration, or any other branch of Government, public funds with which to propagandize Americans to its own particular advantage. Certainly it is less than wise to approve such official propaganda when the Mutual Security Administrator is running for President of the United States. I do not think we should have an example of public funds which might be used for the advantage of any man who is running for President of the United States. It is his perfect right to run for President but many Americans feel that as a candidate he should resign his mutual security position. I do not believe that this kind of propaganda sheet should be sent out at any time. Let me point out what it says at the top of this sheet. It says:

Round-the-world features—

I suppose it proposes to become something greater than Paramount News Reels, the Voice of America, the Associated Press, the United Press, or the International News Service.

Round-the-world features—

A most ambitious undertaking—

Editors: If you wish to receive a monthly copy of Mutual Security News with matted

pictures and charts, please sign and mail the attached postcard. The clip sheet will be mailed to you at no charge.

"Editors: If you wish to receive a monthly copy of Mutual Security News"—the editors are urged to ask for it. It is not a matter of MSA responding, as the Senator from Oklahoma [Mr. MONROE] has said, to a great ground swell of requests. Editors are urged to send for it. The lures are tossed out and the fish are urged to swallow the hook, all at the taxpayers' expense.

We see the use of public funds—counterpart funds, which are public funds, in terms of foreign exchange—money which should be used to carry out the acknowledged, admitted, and respectable purposes of mutual security aid, to help those countries, used to buy maps, charts, diagrams, and pictographs, to send out propaganda to American newspapers.

Mr. President, it is highly important, if we are to have an efficient American information service in this country that we keep clearly in mind the function of such a service.

The Senator from Minnesota [Mr. HUMPHREY] said he was surprised to see me proposing this amendment. I will tell him why I am proposing it. Under the provisions of the Smith-Mundt Act, we provide funds and tactics and authority for taking American farmers and American private individuals on information tours. We recognize it to be a legitimate function. We provide money specifically each year in appropriation bills for that specific purpose.

Not content with the provisions of the Smith-Mundt Act, the Mutual Security Administration now surreptitiously undertakes to expand the program without limit, without control, without authorization of Congress, and without any direction, far beyond the provisions of the Smith-Mundt Act, so that they may engage in pure political propaganda.

Mr. MOODY. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. No; I shall not yield at this time. I have spoken only once; and the Senator from Michigan has spoken several times this afternoon. My time is limited.

In connection with our authorized information exchange service, under the Smith-Mundt Act there is no opportunity for propaganda, because the rules and regulations are carefully and specifically drawn. I defy Senators who oppose the amendment to name one outspoken opponent of mutual security aid who has ever been taken on one of these all-expense tours to Europe. In the main it is a carefully selected group. It is a group which is taken from people who are either supporting the program or from big organizations, which are amply able to pay for such trips, many of which organizations can qualify under the terms of the Smith-Mundt Act and could go otherwise than by giving them an all-expense tour in the form of a prepared-opinion tour, a predigested-opinion tour, and all of it part of a program which should be good enough to stand on its own bottom. It is fundamentally a program for which I have had great hopes and for which I shall vote appropriations.

However, Mr. President, if it should ever come to pass that the Senate on a roll-call vote will authorize that kind of propaganda at public expense, so that we cannot arrive at opinions from objective evidence which is brought back by travelers who go to Europe at their own expense or brought to us by UP, AP, INS and other news services, and if we are to follow the suggestion of our good friend from Oklahoma, that editors shall be carefully selected and taken on this tour and then brought back so that they can write effectively, persuasively, and, above all, favorably upon what they saw over there, we are certainly in a big way wasting the taxpayers' money.

Mr. President, let us keep the Mutual Security Administration clean. Let us stop now at the beginning, with volume 1, No. 1, this effort to publish a sort of Herr Goebbels propaganda sheet by the Mutual Security Administration in order to propagandize people. Let us not permit an Administrator, whether he be Mr. Harriman or anyone else—and whether he be running for President or not—use public money to provide predigested information and propaganda to the people of our country.

Mr. MOODY. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield briefly for a question.

Mr. MOODY. I should like to ask the Senator from South Dakota whether he can show me any article in this factual information sheet which is unfair or in any way slanted.

Mr. MUNDT. I must say that—

Mr. MOODY. Or whether it was written by a Herr Goebbels or anyone of that stripe.

Mr. MUNDT. I must say that I was completely astounded when I found that our Government was engaging in that kind of effort. I have not read it carefully word by word, paragraph by paragraph. I would assume that volume 1, No. 1, would be almost as clean as the tooth of a South Dakota hound dog. I am wondering what will happen in No. 3, No. 4, and No. 5 once they have begun to feel the full flush of the possibilities of a propaganda sheet like this.

Mr. MOODY. Mr. President, will the Senator from South Dakota yield further?

Mr. MUNDT. Not at this time. Mr. President; this propaganda program is wrong in principle. It is wrong in policy. It is wrong in purpose. Congress sooner or later will have to decide whether, as custodians of the public purse, we will make available public funds for public officials to use in propagandizing our fellow citizens. If we do, we will be approaching very closely the rather disgraceful activities of the parliamentary body in Germany once known as the Reichstag.

Mr. HOLLAND. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. HOLLAND. I listened to the able Senator's comments about the contents of this issue No. 1 of volume No. 1. I looked at it with the expectation of finding it rather an inoffensive sheet, but I wish to invite the attention of the Sen-

ator from South Dakota to the fact that the principal article in point of wordage has to do with propagandizing this very request upon which Congress is passing at this time. The article is entitled: "Building Strength for the Free World."

It is date lined, "Washington, D. C.," and reads:

Congress this month was buckling down at the task of deciding the form and amount of aid that this country can provide to its allies in the coming year as part of the free world's struggle to build strength against attack from without or subversion from within.

The next sentence reads:

Of the \$7,900,000,000 requested by the President for the 1952-53 Mutual Security Program—

I shall not read further.

It seems to the Senator from Florida that on the very face of this volume 1, No. 1—and apparently no earlier volume or issue number was needed for this work until the very eve of the consideration by Congress of this authorization of mutual security funds—that the principal objectives of this volume 1, No. 1 edition—and whether there will be any other volumes or numbers the Senator from Florida is not apprised—was for the purpose of propagandizing this particular recommendation and request, and making sure that the people at the grass roots know that Congress is considering a \$7,900,000,000 request at this time, with all the implications that may be drawn in connection therewith.

So far as the Senator from Florida is concerned he does not believe that there is any unwillingness on the part of the Associated Press, the United Press, or the International News Service, or on the part of any of the farm newspapers or groups of daily and weekly newspapers of the country, so ably represented here, to carry the news about the request of the President of the United States for a \$7,900,000,000 program for the Mutual Security Program.

It appears rather clearly that the first purpose of this first issue of the first series is the propagandizing of this particular recommendation. The Senator from Florida merely wishes to call that fact to the attention of the Senator from South Dakota, and to add that in the opinion of the Senator from Florida, on the very face of it, this first document is a lobbying effort of the first degree.

Mr. MUNDT. I thank the Senator from Florida very much for his contribution. I appreciate the fact that he has had an opportunity to read this propaganda sheet more carefully than I have had. I wish to congratulate him on his statement. It is typical of the high statesmanship which he always manifests on the floor of the Senate.

Mr. President, I yield 2 minutes to the Senator from Oregon.

Mr. MORSE. Mr. President, I have listened with great interest to the debate on this subject. I wish to say that I shall support the amendment offered by the Senator from South Dakota, and the amendment offered by the Senator from Idaho. I shall support the two amendments for one controlling reason.

I think it is of the utmost importance that we always do everything possible to protect one of the great freedoms of America, which is the freedom of the press.

In my judgment whenever the Government inaugurates any program which is clearly designed, as I think this program is, to influence the press and to use the forces of Government to obtain from the press the printing of a particular point of view, the freedom of the press has been invaded.

I yield to no one in my criticism of the press. One of my criticisms of the press is that it is not free enough and I do not propose to support a provision in the pending bill which in my judgment would make the press less free than it is already.

Mr. NIXON. Mr. President, will the Senator yield?

Mr. MORSE. I do not control the time.

Mr. MUNDT. I yield 1 minute more so that the Senator from California may ask his question.

Mr. NIXON. I should like to refer to the statement made on the other side of the aisle with regard to censorship. The suggestion was made that if we voted in favor of the amendment we would be in effect voting for a type of censorship, because we would be denying to people information which they should have. As a matter of fact, is not exactly the opposite the case? If we do not vote in favor of this amendment are we not in effect allowing to continue Government-controlled information, which is in effect censorship of a type which we must avoid in this country?

Mr. MORSE. I think we would be encouraging that kind of censorship.

Mr. HOLLAND. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Sixteen minutes.

Mr. MUNDT. I shall yield 2 minutes to my colleague from South Dakota.

Mr. HOLLAND. Mr. President, at this time, will the Senator from South Dakota yield to me, so that I may make a brief comment?

Mr. MUNDT. Yes, I yield.

Mr. HOLLAND. I wish to make a brief comment in support of the statement made a moment ago by the junior Senator from California [Mr. NIXON]. I desire to call attention to the fact that perhaps the most active committee now serving the American Society of Newspaper Editors and the other groups of editors and newspaper publishers of the Nation is the one which is complaining vigorously about the matter of handouts from Government agencies. The gist of its complaint is that such handouts constitute a form of censorship, because they are boiled down into a form which has been approved by the propagandists of the Government agency involved, and thus the information which that agency wishes to reach the public is given out, and it goes out in the precise form included in the handout which is frequently regarded as heavily slanted.

I think that is a form of censorship. It was so held no longer than just a few weeks ago, on the occasion of the great annual meeting of the American Society of Newspaper Editors, here in the city of Washington, at which time those newspaper men protested vigorously and even bitterly against such activities, because they say they constitute a form of censorship, in that they amount to handing out only the things the propagandists wish to hand out and only the items they wish to reach the American people; and in that way the Government agencies seek to form and influence public opinion.

Mr. MUNDT. Mr. President, in confirmation of what the Senator from Florida has just said, let me say—as my colleague the senior Senator from New Jersey [Mr. SMITH] will recall—that when we were first writing the proposed legislation for the Voice of America, strenuous opposition came from the Associated Press and the United Press, who looked upon the proposed Voice of America as a means of Government control of news and of Government censorship or approval or disapproval or monopolization of the news. Finally we included in that measure strict prohibitions against the dissemination of any kind of news within the United States by the entire Voice of America overseas information setup.

Certainly if such a provision was sound in regard to the Voice of America legislation and I think it was, it would be doubly sound for the Mutual Security Agency legislation.

I hope the great editors of the Associated Press newspapers and of the United Press newspapers, who were so persuasive in arguing against the Voice of America proposal, for purposes which they considered to be valid, and which I believe were valid, will not now forget those arguments. Instead of having a protest only made to a rather meek committee of the House of Representatives, the Foreign Affairs Committee, I hope the Associated Press and the United Press again will load their guns and will oppose this activity. Even though in doing so they must oppose the far more formidable forces of the Mutual Security Administration, the State Department, and the White House.

Mr. FERGUSON. Mr. President, will the Senator from South Dakota yield to me?

Mr. MUNDT. I yield.

Mr. FERGUSON. In regard to the criticism of the "tear sheet" program, I wonder whether the Senator from South Dakota understands that in the future, following No. 1 of volume 1, the tear sheets will include all the facts in regard to the Mutual Security Agency's program?

Mr. MUNDT. Of course they will not. Anyone would have to be extremely naive to believe that releases of that sort would give adequate coverage to all the pertinent information. Obviously that will not be done. It will always be loaded in favor of the administration of the program.

Mr. CASE. Mr. President—

Mr. SMITH of New Jersey. Mr. President—

Mr. MUNDT. Mr. President, at this time I am determined to yield to my colleague, the Senator from South Dakota [Mr. CASE].

Mr. SMITH of New Jersey. Mr. President, will the Senator from South Dakota yield to me at this time?

Mr. MUNDT. I shall yield to the Senator from New Jersey at the conclusion of my colleague's remarks.

Mr. CASE. Mr. President, the amendment submitted by my colleague goes to the use of counterpart funds. In particular, the amendment would affect the use of 5 percent of the counterpart funds which have been used for information.

The counterpart funds have been used to the extent of \$53,678,000 for informational activities. I obtain that figure from table No. 3 in a memorandum prepared for the use of the House Committee on Foreign Affairs.

A total of \$433,000,000 has been set aside as the United States share, or counterpart, under the 5-percent provision; and \$53,678,000 of that fund has been used for informational and other activities.

The total counterpart funds from April 3, 1948, to November 30, 1951, amount to \$7,566,000,000, of which \$2,250,000,000 has been used for debt retirement by the other countries.

\$1,903,000,000 has been used for road building and for similar construction, and \$495,000,000 has been used for other purposes.

One of the highlights in connection with this matter is that approximately \$53,000,000 has already been used for informational activities. In that case, I suggest that the amendment submitted by my colleague to the amendment of the Senator from Idaho is very much in order.

Mr. SMITH of New Jersey. Mr. President, will the Senator from South Dakota yield for a question?

Mr. MUNDT. I yield.

Mr. SMITH of New Jersey. As I recall the debates on the Smith-Mundt Act, this very issue was then before us.

Mr. MUNDT. Precisely so.

Mr. SMITH of New Jersey. We feared the slanting of news information.

Mr. MUNDT. Yes, and the Associated Press and the United Press rightfully feared that very situation.

Mr. SMITH of New Jersey. We took pains to guard against such a situation.

Mr. MUNDT. Certainly we did.

Mr. SMITH of New Jersey. So, Mr. President, as a cosponsor of that measure, I wish to join the Senator from South Dakota in his present effort; and I wish to say that I feel that he is on the right track, and that we must take care to avoid such kinds of publicity.

Mr. MUNDT. I thank the Senator from New Jersey.

Mr. SMITH of New Jersey. Is it not true that, in regard to the matter of taking trips abroad, the Smith-Mundt Act affords a safeguard?

Mr. MUNDT. Yes, it does so under the provisions specifically included for that purpose by the Congress; and in that act it is provided that such funds

shall not be used for propaganda of that kind.

There is no more use of having these Government funds used for such a special, undercover propaganda purpose than there would be in having a teacup with 17 handles.

This provision has been included in the law; but at this time we are confronted with a definite and determined attempt to circumvent the law which was passed by Congress in order to cover this very situation and to insure that the purpose of Congress would be carried out.

Mr. SMITH of New Jersey. Of course, the very kind of travel we would like to have done abroad or by persons coming to the United States is covered by specific legislation for that purpose.

Mr. MUNDT. Yes; and to it I am prepared to vote to devote many more millions of dollars than those now spent for that purpose, because that program is carried out in an appropriate manner, under the proper safeguards.

I am informed by the Senator from Idaho that he is prepared to accept the amendment I have offered to his amendment. However, I do not wish to have him do so if such action would make it impossible for Senators on the other side, who wish to argue against the amendment, to submit their views.

The VICE PRESIDENT. The Senator from Idaho cannot accept the amendment, but he can offer it as a modification of his own amendment.

Mr. CONNALLY. Mr. President, a while ago I said I was prepared to take the amendment to conference.

Mr. MUNDT. I am referring to the acceptance by my colleague [Mr. DWORSHAK] of my amendment, as a modification of the amendment he has submitted.

Mr. CONNALLY. Will the Senator from South Dakota explain the nature of the amendment he has submitted to the amendment of the Senator from Idaho?

Mr. MUNDT. My amendment includes counterpart funds.

Mr. CONNALLY. Does the Senator from South Dakota wish to have United States funds used entirely, rather than any counterpart funds? When the counterpart funds are available, they might as well be used.

Mr. MUNDT. I do not want any funds at all to be used for the propaganda purpose to which I have referred, when it comes to directing that propaganda against Americans.

Mr. MONRONEY. Mr. President, will the Senator from South Dakota yield for a question?

Mr. MUNDT. Certainly.

Mr. MONRONEY. I now read from lines 1 and 2 of the amendment of the Senator from Idaho, as proposed to be amended by the Senator from South Dakota [Mr. MUNDT]:

Sec. 537. None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the Mutual Security Program—

And so forth. Do I correctly interpret the amendment as meaning that no

counterpart funds may be used for any propaganda purpose in connection with the Mutual Aid Act?

Mr. MUNDT. In the United States.

Mr. MONRONEY. The amendment does not so provide. Furthermore, the use would be made under the provisions of section 106. Subsection (j), regarding counterpart funds, specifically directs that a part of the counterpart funds must be spent to inform Europe what the United States is doing for Europe.

Thus, this amendment, as now drawn, would strike out a whole section.

Mr. MUNDT. The entire purpose of the amendment is to deal with the use and promotion of propaganda in the United States.

Mr. MONRONEY. I suggest that the Senator should modify the amendment so as to clarify it, because it certainly is not clear.

Mr. MUNDT. The Senator need not be concerned. I now have the amendment in my hand. The part which the Senator has in mind says, "within the United States." On line 8, it says "within the United States."

The entire amendment is in one sentence. I do not think it possible to divorce any of the restrictive clauses from the concluding clause "within the United States." Surely, as a result of the debate or discussion which has ensued, it must be clear that, if our amendment is adopted, it would be understood to refer only to a use of funds which resulted in promoting propaganda within this country. I quite agree with what has been said about the importance of telling foreigners the purpose of the Mutual Security Program. Our amendment does not affect that.

Mr. HUMPHREY. Mr. President, will the Senator from Texas yield? I should like to be heard. There are 30 minutes on each amendment, and a new amendment has been offered to the amendment.

Mr. CONNALLY. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I merely wanted the Senate to know that, if this amendment is adopted, when a constituent in any one of our respective States writes to the Government of the United States for information regarding the Mutual Security Program, the United States Senator whose constituent he is will have to pay one of his high-priced secretaries to prepare an example of the working of the Mutual Security Program. I want to know whether the Senate of the United States wants to deny to thousands and thousands of the American people the right to obtain a pamphlet on mutual security; because that is exactly what this amendment would effect.

If it is desired to carry this doctrine to its logical conclusion, Mr. President, then let us quit printing agricultural year books. If we did that, what a howl would be raised around here. Let us quit printing information about the American Cancer Institute. When it desires to put out some information as to cancer treatment, let us quit printing that, because it is printed by the Govern-

ment. Government agencies print a great variety of documents. Perhaps they should quit sending out the weather reports, since that involves printing—propagandizing their services.

Mr. President, it is positively ridiculous to deny to the Government of the United States an opportunity to place information in the hands of its own people.

The VICE PRESIDENT. The time of the Senator from Minnesota has expired.

Mr. HUMPHREY. I ask the Senator from Texas to yield me another minute. The Senate has wasted more time than that.

Mr. CONNALLY. I yield the Senator 1 minute, and that is all. [Laughter.]

Mr. HUMPHREY. That will be sufficient.

Mr. President, our friends on the other side of the aisle may not believe that this is the Government of the United States. They may merely think it is the Government of the Democratic Party. But we have such a thing in this country as majority rule, and the Mutual Security Agency belongs to the people of the United States. I ask my colleagues on the other side of the aisle how they can vote for \$6,900,000,000 of appropriations and then deny a Government agency the chance even to print a pamphlet telling the people what we have done? Are my colleagues afraid of what they have done? Are they afraid of their program? Are they afraid of their votes? I shall not rely upon other people to tell the story. I want to rely upon the factual story to be told, and it can only be told by an honest report, which can be prepared by the agency, which knows its business.

The VICE PRESIDENT. The time of the Senator from Minnesota has again expired.

Mr. HUMPHREY. Mr. President, will the Senator yield me 1 second?

Mr. MOODY rose.

Mr. MUNDT. I yield to the Senator from Michigan.

The VICE PRESIDENT. The Senator does not have any time remaining. Unless the Senator from Texas yields—

Mr. CONNALLY. I yield a half minute. [Laughter.]

Mr. MOODY. Mr. President, I merely wanted to point out, as the Senator from Minnesota has just said, that this is a program of the American people, a program administered, and brilliantly administered, by a Republican, Mr. Paul G. Hoffman, who is now the leading figure in managing the campaign of one of the Republican aspirants for the Presidency. No more ridiculous thing has ever been said on the Senate floor than that this is a Democratic political tearsheet. This is one attempt to make available to the people information on a program of tremendous importance for the safety of our country.

Mr. HUMPHREY. Did the Senator ever hear the Republicans ask that General MacArthur's publicity program be curtailed? Did anyone ever hear the Republicans ask that General Eisen-

hower's program be curtailed, or say that it ought to be curtailed? No. But mutual security—that is it.

SEVERAL SENATORS. Vote! Vote!

Mr. DWORSHAK rose.

The VICE PRESIDENT. The Senator from Idaho is recognized for 2 minutes.

Mr. DWORSHAK. I modify my amendment by accepting the amendment offered by the senior Senator from South Dakota, which would include counterpart funds.

The VICE PRESIDENT. The Senator from Idaho modifies his amendment accordingly. The question is on the amendment of the Senator from Idaho [Mr. DWORSHAK], as modified.

Mr. DWORSHAK. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McCARTHY (when his name was called). I have a pair with the Senator from Washington [Mr. MAGNUSON] on votes taken today. I consulted his office to see whether they knew how he would vote on this amendment. They informed me that they did not know, and suggested that I break the pair on this vote, which I now do. I vote "yea."

The roll call was concluded.

Mr. JOHNSON of Texas. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senators from West Virginia [Mr. KILGORE and Mr. NEELY], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], and the Senator from Arkansas [Mr. MCCLELLAN] are absent by leave of the Senate.

The Senator from Connecticut [Mr. McMAHON] is absent because of illness.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a delegate from the United States to the International Labor Organization Conference, which is to meet in Geneva, Switzerland.

I announce further that the Senator from Virginia [Mr. BYRD] is paired on this vote with the Senator from Connecticut [Mr. McMAHON]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Connecticut would vote "nay."

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from West Virginia [Mr. KILGORE], and the Senator from Montana [Mr. MURRAY], if present and voting, would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN] and the Senator from California [Mr. KNOWLAND] are absent by leave of the Senate.

The Senator from Pennsylvania [Mr. DUFF] and the Senator from Nebraska [Mr. SEATON] are necessarily absent.

The Senator from Montana [Mr. ECTON] and the Senator from North Dakota [Mr. LANGER] are absent on official business.

The Senator from Vermont [Mr. FLANDERS] and the Senator from Wisconsin [Mr. WILEY] are absent by leave of the Senate for the purpose of attending the Conference of the International Council for Christian Leadership at The Hague.

The Senator from Ohio [Mr. BRICKER], the Senator from Kansas [Mr. CARLSON], the Senator from Indiana [Mr. JENNER] and the Senator from New Hampshire [Mr. TOBEY] are detained on official business.

If present and voting the Senator for Ohio [Mr. BRICKER] and the Senator from Pennsylvania [Mr. DUFF] would each vote "yea."

The result was announced—yeas 52, nays 19, as follows:

YEAS—52

Alken	Hickenlooper	Nixon
Bennett	Hoey	O'Mahoney
Brewster	Holland	Robertson
Bridges	Hunt	Saltonstall
Butler, Md.	Ives	Schoeppel
Butler, Nebr.	Johnson, Colo.	Smathers
Capehart	Johnston, S. C.	Smith, Maine
Case	Kem	Smith, N. J.
Cordon	Lodge	Smith, N. C.
Dirksen	Long	Stennis
Douglas	Malone	Taft
Dworshak	Martin	Thye
Eastland	Maybank	Watkins
Ellender	McCarthy	Welker
Ferguson	McKellar	Williams
Frear	Millikin	Young
George	Morse	
Hendrickson	Mundt	

NAYS—19

Anderson	Hennings	Moody
Benton	Hill	O'Connor
Clements	Humphrey	Pastore
Connally	Johnson, Tex.	Sparkman
Fulbright	Lehman	Underwood
Green	McFarland	
Hayden	Monroney	

NOT VOTING—25

Bricker	Jenner	McMahon
Byrd	Kefauver	Murray
Cain	Kerr	Neely
Carlson	Kilgore	Russell
Chavez	Knowland	Seaton
Duff	Langer	Tobey
Ecton	Magnuson	Wiley
Flanders	McCarran	
Gillette	McClellan	

So Mr. DWORSHAK's amendment, as modified, was agreed to.

MESSAGE FROM THE HOUSE— ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Snader, its assistant reading clerk, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 762. An act for the relief of Alexander Urszu;

S. 997. An act for the relief of Paula Slucka (Slucki) and Ariel Slucki;

S. 1372. An act for the relief of Mrs. Madeleine Viale Moore; and

S. 1679. An act for the relief of Stephen Gorove.

MUTUAL SECURITY ACT OF 1952

The Senate resumed the consideration of the bill (S. 3086) to amend the Mutual Security Act of 1951, and for other purposes.

Mr. LONG. Mr. President, I send forward amendments which I ask to have stated.

The VICE PRESIDENT. The clerk will state the amendments.

The LEGISLATIVE CLERK. The Senator from Louisiana proposes the following amendments:

On page 3, line 2, strike out "\$3,620,317,000" and insert in lieu thereof "\$3,515,229,500."

On page 3, line 15, strike out "\$1,588,922,000" and insert in lieu thereof "\$1,542,866,000."

On page 4, lines 9 and 10, strike out "\$529,614,000" and insert in lieu thereof "\$514,263,000."

On page 4, line 20, strike out "\$48,038,000" and insert in lieu thereof "\$46,645,000."

On page 5, line 4, strike out "\$56,772,000" and insert in lieu thereof "\$55,126,500."

On page 5, line 7, strike out "\$66,380,000" and insert in lieu thereof "\$64,456,000."

On page 5, line 20, strike out "\$533,859,000" and insert in lieu thereof "\$518,385,000."

On page 6, line 5, strike out "\$356,354,000" and insert in lieu thereof "\$346,025,000."

On page 8, line 2, strike out "\$54,501,000" and insert in lieu thereof "\$52,971,500."

On page 8, line 4, strike out "\$19,215,000" and insert in lieu thereof "\$18,658,000."

On page 10, line 9, strike out "\$8,734,000" and insert in lieu thereof "\$8,481,000."

On page 10, line 25, strike out "\$2,446,000" and insert in lieu thereof "\$2,375,000."

On page 14, line 18, strike out "\$14,848,000" and insert in lieu thereof "\$14,417,500."

Mr. LONG. Mr. President, this is the same formula which I proposed earlier in the day, except that it is a proposal to reduce the authorization by \$200,000,000. The previous amendment which proposed to reduce it by \$400,000,000 failed of adoption by only three votes. This amendment would result in a reduction in the dollar amount of only 3 percent. It seems to me that this small amount of reduction would not greatly hamper the program, but the saving of \$200,000,000 would be a substantial saving to our taxpayers.

Mr. President, I am agreeable to limiting the time for discussion of the amendment to 10 minutes to each side.

Mr. MAYBANK. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. MAYBANK. I wish the Senator would make a part of his remarks the proposal of which he has spoken. I voted for the billion-dollar cut, the one-half billion cut and shall vote for other cuts.

Mr. LONG. The proposal is merely to make a reduction of approximately \$200,000,000, treating all items, except the children's fund, alike. The aid to Europe item would be reduced approximately \$60,000,000. It would amount to a reduction on each item of approximately 3 percent of the budget request.

Mr. MAYBANK. I thank the Senator, because I voted against the amendment of the senior Senator from Louisiana [Mr. ELLENDER] because I believed that specific reductions were for the Appropriations Committee to determine.

Mr. LONG. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. CONNALLY. Mr. President, this is just another effort to chisel and cut down the bill. We started in the committee and chopped off a billion dollars. We wanted to be fair. Not satisfied with that reduction, an amendment was offered to cut the bill another billion dollars. The Senate debated the amendment. We got the views and the votes of Senators, and the effort was defeated. It was a good vote. [Laughter.]

Senators may laugh, but the amendment was defeated by a majority of this body. That is more votes than Senators who are against the whole program have, including the Senator from New Hampshire [Mr. BRIDGES].

Then, Mr. President, what happened? Failing to cut off a billion dollars, these friends of the measure—

Mr. BRIDGES. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. BRIDGES. I know the Senator from Texas wants to be fair. Forty-nine votes are a majority in this body, and the Senate did not defeat the amendment by a majority of the body.

Mr. CONNALLY. I am not speaking of absent Senators. I have in mind the amendment which was adopted a while ago. Complaint was made about sending some farmers, some grass-roots people, to see things. If it is desired to send a farmer to Europe to find out something it is said, "Oh, we cannot stand for such propaganda. Leave the farmers at home. Let Senators go over there. There are some Representatives to send over, too. We want to send someone with credentials in his pocket, saying 'I am a Senator of the United States. Look at that. Here is a gallery card. If you ever visit the United States, go up in the gallery and see what we are doing in Washington; but for God's sake do not let these farmers know what is going on in Europe'."

Mr. President, why do Senators want to keep chiseling and cutting down the bill? The Senator from Louisiana is pushing his amendment. The Foreign Relations Committee reported a bill, but the Senator from Louisiana was not satisfied with it. He said, "Oh, Mr. President, for God's sake send the bill to the Armed Services Committee, because I am a member of that committee, and I want to cut its throat when it get there."

It was sent to that committee, and what happened? His own committee, which he is supposed to have in the palm of his hand, the Armed Services Committee, held hearings and looked over the bill. It knew what the Senate Committee on Foreign Relations had done, and the Committee on Armed Services, by a majority of that committee, voted to approve the bill without amendment.

Why did not the Senator from Louisiana get his billion-dollar cut in the committee? Why did he not get his \$500,000,000 cut? If he could not get a cut of \$500,000,000, why did he not get a cut of \$400,000,000? Not getting a cut

of \$400,000,000, he wants a cut of \$200,000,000.

Mr. President, I hope we are not babes in the woods. We are not children. This is the Senate of the United States. On this floor have trod the great men who served here in the years that are gone.

Why should we spend all this time chiseling away, cutting a little dab here and a little dab there, by Senators who say, "Oh, we are for the bill. We are for mutual aid security. We want to build up in Europe a rampart against the attacks of Soviet communism, in order to protect the United States, in order that the Communists may not come upon our own shores and attack us. Oh, we are for the mutual security bill, but let us cripple it a little. We are not so strong for it, after all. We want to hamstring it a little. Let us cut some of the tendons in its feet, so it cannot walk well. Let us cut off its arms—at least one of its arms. Let us cut off a billion dollars. Let us trim it. If we cannot cut off a billion dollars, let us cut \$500,000,000. If the Senate will not accept a cut of \$500,000,000, let us ram a \$400,000,000 cut down their throats."

But the Senate would not stand for that. The Senate would not vote for a cut of \$1,000,000,000, it would not vote for a cut of \$500,000,000, and it would not vote for a cut of \$400,000,000.

I must pay my respects to the Senator from Louisiana for his persistence, for he is a persistent man. If the pending amendment should be defeated, he probably will come back with an amendment to cut off \$100,000,000. If that fails, he will return with a proposal to cut \$50,000,000. He will finally get down in the basement. Senators know that under big department stores there are basements where cheap goods, the old, sorry goods, the second-hand goods, are placed on sale. The basement is where poor folks go to buy what they cannot pay for upstairs. Is that the strategy of the Senator from Louisiana, and those who are associated with him in this attack, an attack that the Senate has already disapproved of in every vote it has cast?

Mr. President, the Senate has stood by the bill. Do we want to send a crippled man to an international conference?

Mr. WELKER. I would.

Mr. CONNALLY. I know the Senator would. The Senator from Idaho says he wants to send a crippled man to an international conference. He is talking sense. That is what he means. He means exactly that. He would cut off one of the legs, and if he thought the man could get there with the other leg, he would cut that off also.

Mr. WELKER. The Senator is right.

Mr. CONNALLY. The Senator from Idaho says I am right. Of course, I am right. I am right when I speak against this amendment, which would cut \$200,000,000 from this bill. I know what this bill is. I have sat in the Foreign Relations Committee for weeks, listening to all the people in the United States, both for and against the bill, who asked to be heard by the committee.

We heard the opponents, we heard the department, we heard all those who wanted to be heard. When we were finished, we concluded that we could safely cut the appropriation by a billion dollars. That ought to have satisfied the voracious appetite of the economists. That ought to have had some effect on their digestive functions.

But no, that was not enough. They wanted to cut off another billion dollars. When they did not succeed, they said, "Well, the situation is not so bad. We will be satisfied if we can cut off \$500,000,000."

The Senate said, "No."

The opponents then said, "Well, since we could not get a cut of \$500,000,000, let us try to cut \$400,000,000."

Again the Senate said, "No."

Now we have their proposition, "Since we could not get any of those cuts, let us propose a cut of \$200,000,000."

They want to cripple the program. They say, "The legs are not cut off entirely, but we want to cripple this creature as much as we can. It may not die from a major wound, but we want to fix it so that at least it will bleed a lot."

Mr. President, what has happened in Europe? The foreign ministers of this country, of Great Britain, and of France went to Bonn, in West Germany. There they induced West Germany to align itself with the West, to align itself against the hordes of Communists that might come forth from that far-flung country yonder across the sea.

What does the action in Bonn mean? If the allied countries had not succeeded in aligning Germany with the West, and if Germany had aligned herself with the East, and had gone behind the iron curtain, it would have meant the doom of the little countries of western European freedom, and ultimately it probably would have meant the doom of the United States itself.

Do we want to send throbbing across the wires to Europe the message that when it comes to mutual security we have lost our courage, that we have got cold feet, that we are not going to help them, except by a little dab here and a little dab there? Or do we want to send a message that we approve what those countries have done in getting Germany to line up with the west; that we approve what France and the other six powers in Europe have done toward guaranteeing a Western European army of defense and resistance against the totalitarian hordes that threaten not not only their liberty, not only their democracy, not only their countries, but ultimately the United States itself?

Mr. President, I am not a Dane. I am an American. Yet I sympathize with little countries like Denmark, that cannot resist alone. They must resist, if they resist at all, by union in Europe, and by the help of the United States.

I am not a Dutchman, but I understand the perils under which the Dutch are suffering. They know that Russia can overrun them in a moment, can destroy their Government, can enslave their people, and can wreak ruin and

devastation upon that fair land. I am not lacking in sympathy. I know that Holland cannot resist alone. She must resist in alliance with Western Germany, the countries of Western Europe, and with the United States itself, if she is to be safe, if she is to survive, if she is to live in the years that are to come.

Mr. President, I am not a Belgian. I am an American. That does not lessen my sympathy for Belgium, a country of gallant, brave, and courageous people. How long would Belgium last if she tried to resist alone? She would be engulfed in a wave of military power and military force. Her Government would be extinguished and her people enslaved.

Mr. President, the same is true of France and the other countries of Western Europe. Our country is not doing everything for the defense of civilization. Under this bill, the countries I have mentioned in Western Europe are required to put up many times as much money toward raising and equipping armies and toward manufacturing arms as the United States will contribute to this common enterprise, this enterprise of saving the freedom of the world, this enterprise to preserve the democracy of the world, this enterprise to save the free peoples of earth from tyranny and from subjugation.

Mr. President, the Senate ought not vote for the cut proposed in the amendment now pending, not because \$200,000,000 is such a tremendous sum—it is not—but a cut of even \$200,000,000 will be symbolic to the people of Western Europe, to France, Great Britain, Germany, and the other countries that the United States is not a partner in this project, that the United States is losing its courage, that the United States is beginning to get cold feet on the proposition of aiding the defense of Western Europe, not for Western Europe alone, but for our own defense.

We are not defending Western Europe merely for the benefit of Western Europe. We are defending it for the United States of America. We would not be voting millions of dollars except that we believe that the safest way to protect the United States is to bring about a strong force in Western Europe, with arms in their hands, with bayonets at their sides, in order that they may resist and overcome the activities of far-off Moscow which threaten to engulf, enslave, and subject the free world to the most cruel and despotic government that has ever cursed the earth since the days of the Roman despots.

Mr. President, I earnestly hope that the Senate will reject the amendment offered by the Senator from Louisiana.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. Long]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. EASTLAND (when his name was called). On this vote I have a pair with the Senator from Virginia [Mr. Byrd]. I am informed that, if he were present and voting, he would vote "yea." If I

were at liberty to vote, I would vote "nay." I therefore withhold my vote.

The roll call was concluded.

Mr. CONNALLY. Mr. President, the Senator from Wisconsin [Mr. WILEY] did not answer when his name was called. He is in Europe. If he were present I feel—

Mr. TAFT. Mr. President, a point of order.

The VICE PRESIDENT. The Senator from Texas is only announcing how another Senator would vote. There is nothing out of order about that.

Mr. CONNALLY. I feel sure that if the Senator from Wisconsin were present, he would vote "nay," because he so voted in the committee, and has been a strong supporter of the bill.

Mr. TAFT. Mr. President, I make the point of order that that is not an announcement of how a Senator would vote.

Mr. MCCARTHY. On this vote I have a pair with the Senator from Washington [Mr. MAGNUSON]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea."

Mr. JOHNSON of Texas. I announce that the Senator from Virginia [Mr. Byrd], the Senator from New Mexico [Mr. CHAVEZ], the Senator from West Virginia [Mr. KILGORE], and the Senator from Nevada [Mr. McCARRAN] are absent on official business.

The Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], and the Senator from Arkansas [Mr. McCLELLAN] are absent by leave of the Senate.

The Senator from Connecticut [Mr. McMAHON] is absent because of illness.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a delegate from the United States to the International Labor Organization Conference, which is to meet in Geneva, Switzerland.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from West Virginia [Mr. KILGORE], the Senator from Connecticut [Mr. McMAHON], and the Senator from Montana [Mr. MURRAY] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN] and the Senator from California [Mr. KNOWLAND] are absent by leave of the Senate.

The Senator from Pennsylvania [Mr. DUFF] and the Senator from Nebraska [Mr. SEATON] are necessarily absent.

The Senator from Montana [Mr. ECTON] and the Senator from North Dakota [Mr. LANGER] are absent on official business.

The Senator from Vermont [Mr. FLANDERS] and the Senator from Wisconsin [Mr. WILEY] are absent by leave of the Senate for the purpose of attending the Conference of the International

Council for Christian Leadership at The Hague.

The Senator from Ohio [Mr. BRICKER], the Senator from Kansas [Mr. CARLSON], the Senator from Indiana [Mr. JENNER], and the Senator from New Hampshire [Mr. TOBEY] are detained on official business.

On this vote the Senator from Washington [Mr. CAIN] is paired with the Senator from Wisconsin [Mr. WILEY]. If present and voting the Senator from Washington would vote "yea" and the Senator from Wisconsin would vote "nay."

On this vote the Senator from Montana [Mr. ECTON] is paired with the Senator from Pennsylvania [Mr. DUFF]. If present and voting the Senator from Montana would vote "yea" and the Senator from Pennsylvania would vote "nay."

On this vote the Senator from California [Mr. KNOWLAND] is paired with the Senator from Vermont [Mr. FLANDERS]. If present and voting, the Senator from California would vote "yea" and the Senator from Vermont would vote "nay."

On this vote, the Senator from Ohio [Mr. BRICKER] is paired with the Senator from New Hampshire [Mr. TOBEY]. If present and voting, the Senator from Ohio would vote "yea" and the Senator from New Hampshire would vote "nay."

The result was announced—yeas 37, nays 34, as follows:

YEAS—37

Aiken	Frear	Robertson
Bennett	Hendrickson	Schoepfel
Bridges	Hickenlooper	Smith, Maine
Butler, Md.	Johnson, Colo.	Smith, N. C.
Butler, Nebr.	Johnston, S. C.	Stennis
Capehart	Kem	Taft
Case	Long	Thye
Cordon	Malone	Watkins
Dirksen	Martin	Welker
Douglas	Maybank	Williams
Dworshak	McKellar	Young
Ellender	Millikin	
Ferguson	Mundt	

NAYS—34

Anderson	George	Holland
Benton	Green	Humphrey
Brewster	Hayden	Hunt
Clements	Hennings	Ives
Connally	Hill	Johnson, Tex.
Fulbright	Hoey	Lehman

Lodge
McFarland
Monroney
Moody
Morse
Neely

Nixon
O'Connor
O'Mahoney
Pastore
Russell
Saltonstall

Smathers
Smith, N. J.
Sparkman
Underwood

NOT VOTING—25

Bricker
Byrd
Cain
Carlson
Chavez
Duff
Eastland
Eaton
Flanders

Gillette
Jenner
Kefauver
Kerr
Kilgore
Knowland
Langer
Magnuson
McCarran

McCarthy
McClellan
McMahon
Murray
Seaton
Tobey
Wiley

So Mr. LONG's amendment was agreed to.

Mr. BRIDGES. Mr. President, I move that the Senate reconsider the vote by which the amendment was agreed to.

Mr. FERGUSON. Mr. President, I move to lay on the table the motion to reconsider.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Michigan to lay on the table the motion to reconsider made by the Senator from New Hampshire.

The motion to lay on the table was agreed to.

Mr. FERGUSON. Mr. President, I send to the desk my amendment 5/27/52-I and ask to have it stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 11, it is proposed to strike out the quotation marks at the end of line 9 and between lines 9 and 10 insert the following:

SEC. 537. Whenever a commodity authorized for procurement outside the United States under this act is under either domestic allocation or price controls in the United States, it shall be so procured by General Services Administration, or such other agency of the Government as the President may designate for such purpose, and furnished to the recipient country as a commodity in lieu of dollar grants for their own procurement.

Mr. FERGUSON. Mr. President, this is a very important amendment. The only purpose of this amendment is to prevent United States dollars from being used in the world material market by foreign countries in competition with our own purchasers.

At the present time, when we make authorizations through the Mutual Security Agency for the purchase of certain commodities, such as copper, lead, zinc, nickel, and tin, we just allot the dollars to the foreign nation and let them go into the world market to purchase the material. Their competition runs the price up on these commodities. Under the terms of my amendment, there would be absolutely no reduction in the amount of the aid granted any nation. In fact, I believe my amendment will actually increase the amount of the aid by eliminating this unwarranted competition for raw materials.

This amendment would authorize the General Services Administration—it is not necessary to create a new agency—or any other agency designated by the President, to buy the materials and furnish the commodity itself to the recipient nation in lieu of the dollar grant.

The amendment is limited in its application to commodities procured outside the United States and consequently will have no effect on the domestic market.

The amount of these commodity allocations to foreign nations under the Mutual Security program is considerable.

I wish to present a summary of the figures.

Procurement authorizations, cumulative from April 3, 1948, to December 31, 1951:

Nonferrous metals and products: Total, \$699,700,000 to 17 different countries.

I ask unanimous consent to have printed at this point in the RECORD a table issued by the Mutual Security Agency entitled "Procurement Authorizations by Commodity Groups and Country of Designation. Cumulative, April 3, 1948, to December 31, 1951—Millions of Dollars." It shows the amount of money which has been allotted to each one of these nations.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Procurement authorizations by commodity group and country of destination, cumulative, Apr. 3, 1948, to Dec. 31, 1951

[Millions of dollars]

Commodity group	Total	Country of destination																	
		Austria	Belgium-Luxembourg	Denmark	France	Germany (federal republic)	Greece	Iceland	Ireland	Italy	Netherlands (including Indonesia)		Norway	Portugal	Sweden	Trieste	Turkey	United Kingdom	Yugoslavia
											Netherlands	Indonesia							
Nonferrous metals and products.....	669.7	9.7	0.7	13.7	151.2	44.4	3.6	0.3		44.3	51.5	1.2	7.0		2.4	0.2	1.6	336.9	1.1
Copper.....	366.1	5.1		9.9	122.0	25.1	1.8	.2		43.9	29.6		3.9			.1	.1	124.3	
Aluminum.....	125.1		.6	.4	.2	1.2	1.4	.1			5.1	1.2			2.2		.7	111.1	1.0
Zinc.....	83.5	1.0		1.6	9.0	3.5	.1				2.9						.5	64.7	
Lead.....	58.5	.8		1.4	6.6						12.3		2.7				.2	34.6	
Brass and bronze.....	8.4	1.1		.3	5.1	.8					.6		.3		.1		.1		
Nickel.....	6.3	.3			3.6	1.7	.1			.2	.2								.1
Tin.....	1.8	1.1				.6													
Other, including precious metals.....	29.1	.4	.1		4.7	11.5	.2			.2	.8				.1			2.2	

Mr. FERGUSON. Mr. President, in the past the United States established a domestic ceiling price of 27½ cents on imported copper and copper produced from imported concentrates in July 1951 and marked the price of domestically produced copper at 24½ cents. The prices for lead and zinc of 17 and 17½ cents, respectively, were maintained until October 1951, as a result, first of voluntary price stabilization and, later, the fixing of price ceilings. On October 2, 1951, the price of zinc was increased from 17½ to 19½ cents and of lead from 17 to 19 cents, and a prohibition was placed on the importation of these metals above these prices.

The prices quoted above cannot be considered as representing a world price for any of these metals. Prices of 55 to 60 cents for copper, 45 cents for zinc, and 25 cents for lead were paid for a part of the supplies sold internationally.

In other words, we were giving dollars to the other countries and they were going into the open market of the world and paying as high as 55 and 60 cents for copper. They were using American dollars and paying 45 cents for zinc and 25 cents for lead.

We have authorized in the period April 3, 1948, through December 31, 1951, procurement of \$366,100,000 for copper, \$125,100,000 for aluminum, \$83,500,000 for zinc, and \$58,500,000 for lead.

These materials have been bought in the world market; in the case of copper, a large part of it from Latin America. Our dollars have been used to run up the world price to our own disadvantage. This also means that MSA dollars furnished by the taxpayer does not procure as much material as they would if the GSA did the actual procurement and there was only one place where dollars could be secured, that is, in this country, not in foreign countries.

I hope the Senator from Texas will take the amendment to conference. It is a very important amendment. It would provide more material if we bought all the products rather than having them purchased with our dollars, when we have price control or allotment of materials.

Mr. CONNALLY. Mr. President, I shall take the amendment to conference. That is as far as I can go.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan.

The amendment was agreed to.

Mr. SMITH of New Jersey. Mr. President, on behalf of the Senator from Maine [Mr. BREWSTER] and myself, I send to the desk an amendment which I am offering by request. It is a provision which was embodied in an act recently passed by the House of Representatives, and has to do with setting up an international finance corporation to increase the participation of private-enterprise investment in developing the resources of certain areas, and so forth. I shall send the amendment to the desk to be stated. I understand that the chairman of the Committee on Foreign Relations is willing to take the amendment to conference.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. MILLIKIN. Will the Senator from New Jersey tell us a little more about the amendment?

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 10, line 13, it is proposed to insert the following:

INTERNATIONAL FINANCE CORPORATION

SEC. 535. In order to increase the participation of private enterprise and investment in developing the resources of the areas in which assistance is authorized by this act and to mobilize local capital for such development and investment, such amount as may be required, but not to exceed \$100,000,000 of the funds made available for assistance to further military production, economic and technical assistance under the provisions of this act may be utilized for the purpose of subscribing to the capital of an international finance corporation: *Provided*, That whenever the Director for Mutual Security determines to so utilize such funds he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Banking and Currency of the Senate and of the House of Representatives.

Mr. MILLIKIN. Mr. President, will the Senator from New Jersey yield to me?

Mr. SMITH of New Jersey. I am glad to yield.

Mr. MILLIKIN. How would the amendment coordinate the activities of the proposed corporation with the International Bank, the Monetary Fund, and other existing commitments?

Mr. SMITH of New Jersey. I have difficulty in answering that question, inasmuch as I submitted the amendment by request, in collaboration with the Senator from Maine [Mr. BREWSTER].

However, it is clear that the amendment does not call for any further appropriations of funds; it would merely call for assistance to private capital in those areas.

Mr. MILLIKIN. Mr. President, will the Senator from New Jersey yield further?

Mr. SMITH of New Jersey. I yield.

Mr. MILLIKIN. If the activities conducted pursuant to the amendment would not parallel present activities or would not interfere with them, then I suggest that at least the amendment would open the door to a very large subject which should be considered by the Senate before it agrees to enter that field. In other words, I suggest that the amendment in its present status should not go to conference.

Mr. SMITH of New Jersey. A similar amendment has been included in the bill which was passed by the House of Representatives; and the amendment is along the lines of the recommendations of the Rockefeller Commission, which had experience in connection with dealings with South America.

The amendment would not require the appropriation of additional sums, but would simply permit the Administrator to set up a corporation of the kind proposed.

Mr. FERGUSON. Mr. President, will the Senator from New Jersey yield to me?

Mr. SMITH of New Jersey. I am glad to yield.

Mr. FERGUSON. I wonder how the amendment would foster or help private enterprise, inasmuch as under the amendment a Government corporation would be handling the funds.

Mr. SMITH of New Jersey. The operation would be a banking operation.

Mr. FERGUSON. Does the amendment contain any provision that the money shall be used only in free-enterprise systems, so that it would foster them; or would the money be used for exactly the same purposes as those provided for in other parts of the bill which really foster socialism, inasmuch as the money would go to the governments themselves?

Mr. SMITH of New Jersey. No; the amendment distinctly provides that the purpose is to foster private operation and private investment. I do not think the amendment could be used in any other connection. The amendment is permissive in nature; and if such activities were engaged in they would have to be reported to the specified committees of the Senate and the House of Representatives.

Mr. FERGUSON. However, would there be any way by which the congressional committees could stop such activities if they were opposed to them? Does not the amendment simply provide for the making of a report, at which time it would be too late to stop the activities? Is not that the way the amendment reads?

Mr. SMITH of New Jersey. Mr. President, I should like to have the proviso of the amendment read again.

The VICE PRESIDENT. The proviso will be read.

The Chief Clerk read as follows:

Provided, That whenever the Director for Mutual Security determines to so utilize such funds he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Banking and Currency of the Senate and of the House of Representatives.

Mr. FERGUSON. I understand that.

Mr. MILLIKIN. Mr. President, will the Senator from New Jersey yield to me at this point?

Mr. SMITH of New Jersey. I shall yield to the Senator from Colorado after the Senator from Michigan has concluded his questions.

Mr. FERGUSON. Mr. President, I understand the proviso which has just been read to mean that at the time when the report was made or the notification was given to the specified committees, the action would already have been taken, and thus the only effect of the proviso would be to have notice of the activity given to the committees mentioned in the amendment. In short, they would simply be notified of what had already been done. Under those circumstances, any defect in the activity would not be cured.

Furthermore, if an amendment of this sort is already in the House bill, this provision, if now adopted by the Senate as an amendment, could not be taken to conference.

Mr. SMITH of New Jersey. I think it could be taken to conference in order to correct any errors.

Mr. MILLIKIN. Mr. President, under the circumstances, the way to get the amendment to conference is to leave it out of the bill.

Mr. FERGUSON. Yes, because once the amendment is added to the bill, it will have been adopted by both Houses, and thus will not be a proper subject for a conference.

Mr. CONNALLY. That is correct.

Mr. IVES. Mr. President, will the Senator from New Jersey yield to me?

Mr. SMITH of New Jersey. I am glad to yield.

Mr. IVES. Will the Senator from New Jersey be willing to substitute the words "obtain the consent of" for the words "forthwith notify"? Such a change would be a change in the terminology of the amendment, and thus would result in giving the conferees something they could consider.

Mr. SMITH of New Jersey. The suggestion made by the Senator from New York is a very good one, and fits in with the suggestion made by the Senator from Michigan. So I shall be very glad to accept that suggestion, with the result that the amendment then can be taken to conference.

Mr. IVES. Mr. President, will the Senator from New Jersey modify the amendment accordingly?

Mr. SMITH of New Jersey. I am very glad to modify the amendment by inserting the words "obtain the consent of", as a modification of the amendment.

The VICE PRESIDENT. The amendment as modified will be stated.

The Chief Clerk read as follows:

INTERNATIONAL FINANCE CORPORATION

Section 535. In order to increase the participation of private enterprise and investment in developing the resources of the areas in which assistance is authorized by this act and to mobilize local capital for such development and investment, such amount as may be required, but not to exceed \$100,000,000 of the funds made available for assistance to further military production, economic, and technical assistance under the provisions of this act may be utilized for the purpose of subscribing to the capital of an international finance corporation: *Provided*, That whenever the Director for Mutual Security determines to so utilize such funds he shall obtain the consent of the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Banking and Currency of the Senate and House of Representatives.

Mr. FERGUSON. Mr. President, should not the words in the proviso be "consent to use such funds"? In other words, should not the use of the funds be directly referred to at that point?

Mr. SMITH of New Jersey. I accept that modification, and now ask that the amendment as further modified be read.

Mr. CONNALLY. Mr. President, before that is done, I suggest that if consent is to be obtained, it should be ob-

tained before the action is taken, not after it is taken.

Mr. SMITH of New Jersey. I now suggest that the word "first" be included in the amendment, as a modification of it, so that at that point the amendment will read:

He shall first obtain the consent of.

Mr. CONNALLY. Yes.

Mr. MILLIKIN. Mr. President, will the Senator from New Jersey yield to me?

Mr. SMITH of New Jersey. I yield.

Mr. MILLIKIN. Obtaining the consent of the committees specified in the amendment might land a certain element of safety and greater consideration, but it would not change the principle involved.

In this respect we would be embarking upon a most important undertaking. I do not believe it should be gone into without hearings and without very thorough debate on the floor of the Senate.

Mr. CONNALLY. Of course the amendment would be in conference.

Mr. SMITH of New Jersey. Mr. President, in view of the points which have been raised and in view of the fact that I have submitted the amendment by request, and after consultation with the Senator from Maine [Mr. BREWSTER], and in view of the further fact that such an amendment already is included in the House bill, I think it is wise to withdraw the amendment at this time; and I now do so.

The VICE PRESIDENT. The amendment is withdrawn.

Mr. KEM. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert a new section, as follows:

SEC. 13. (a) No economic, financial, or military assistance shall be provided out of any funds heretofore or hereafter appropriated to carry out the purposes of any act to provide economic, financial, or military assistance to foreign countries, to any country which exports or knowingly permits the exportation of, to the Union of Soviet Socialist Republics or any of its satellite countries (including Communist China and Communist North Korea), arms, armament, or military matériel, or articles or commodities (1) which the Secretary of Defense shall have certified to the head of the agency administering the program under which such assistance is extended are likely to be used in the manufacture of arms, armament, or military matériel, or (2) shipment of which to the Soviet bloc is embargoes, or would be refused export licenses, by the United States in the interest of national security; and the Secretary of Defense is hereby authorized and directed to make such certification with respect to any article or commodity of the nature or class described.

(b) After the forty-fifth day following the date of enactment of this act, no country shall be eligible for economic, financial, or military assistance under any act providing economic, financial, or military assistance to foreign countries, unless within 30 days prior to the date on which such assistance is to be provided such country shall have certified to the United States that it has not, subsequent

to the fifteenth day following the date of enactment of this act, exported, or knowingly permitted the exportation of, arms, armament, military matériel, articles, or commodities, which are subject to the provisions of subsection (a) to any of the countries referred to in such provisions: *Provided*, That such certification shall not relieve the Director of Mutual Security or any other officer of the United States Government of responsibility for enforcing the foregoing provisions of this section.

(c) The Mutual Defense Assistance Control Act of 1951 is repealed effective on the forty-fifth day following the date of enactment of this act.

Mr. KEM. Mr. President, on April 19, 1950, I presented to the Senate evidence that our allies in Western Europe were making large shipments of war materials to Russia and her satellites.

Despite repeated efforts by many of us in the Senate, despite the fact that more than 106,000 American boys have been killed or wounded in Korea, these shipments have been permitted to continue.

On May 9, 1951, I submitted, on behalf of other Senators and myself, an amendment to the third supplemental appropriation bill of 1951. That amendment provides that American economic or financial assistance shall be automatically shut off to any country which continues to sell war materials to Russia and her satellites, including Red China.

On May 10, 1951, the Senate approved this amendment unanimously.

Certain changes were made in the conference committee, including the insertion of a provision permitting the United States National Security Council, of which the President of the United States is chairman, to make exceptions "in the security interest of the United States."

Both the Senate, and the House approved the conference report, and it became Public Law 45, Eighty-second Congress.

In taking this action, Congress made clear that it was dissatisfied with the steps which had been taken to halt the flow of war goods to the enemy.

On June 16, 1951, Congress and the American people were shocked and amazed to learn that the National Security Council had suspended entirely the operation of the war-goods-ban amendment.

Later, the Congress repealed the so-called Kem amendment and replaced it with the weak, discretionary Battle Act—Public Law 213, Eighty-second Congress.

The Battle Act prohibits the sending of American assistance to a country which permits shipments of arms, ammunition, implements of war, and atomic-energy materials to countries of the Soviet bloc.

But it permits the President to make exceptions in the case of countries which permit shipments of items other than arms, ammunition, implements of war, and atomic-energy materials.

Earlier this year, the President made use of this "escape clause" in the Battle Act to permit the Government of the Netherlands to ship some \$200,000 worth of oil-drilling equipment to Communist

Poland, and still be eligible to receive aid from the United States.

According to an article in the Christian Science Monitor of April 23, 1952:

The President made his decision to ignore the Dutch action on recommendation of W. Averell Harriman, Mutual Security Administrator.

The article went on to say that "this is the first of a series of exceptions that the President is expected to make under his right through the 'escape clause.'"

The Battle Act was approved October 26, 1951.

Since that time, countries of Western Europe have continued to sell large quantities of such items as iron, steel, and rubber to the Reds.

American boys in Korea have continued to fall from Communist shells and bullets.

There can be no doubt that many of the very guns which fire those shells and bullets have been made from materials furnished by our allies.

Our allies continue to take the cash. Our boys continue to take the casualties.

Mr. President, the failure—yes, the refusal—of President Truman and Secretary of State Acheson to halt this bloody trade makes up one of the most shocking chapters in American history.

There is scarcely any material more vital in modern warfare than rubber. Tanks, planes, guns, trucks—all require rubber.

I have learned that during the first 3 months of 1952 Great Britain sold \$49,749,171 worth of rubber to the U. S. S. R. alone. Nearly \$50,000,000 worth of rubber from Britain to Russia during the first 3 months of 1952 alone.

There can be no doubt that of the traitorous shipments of rubber from Britain to Russia, some of the rubber found its way into weapons of war used in Korea.

On March 10, 1952, an Associated Press dispatch from Tokyo appeared which read as follows:

A hitherto secret report in Gen. Matthew B. Ridgway's headquarters asserts: "The main source of supply for present Chinese Communist forces * * * in Korea * * * is from Soviet-furnished material."

Mr. President, I ask unanimous consent to have inserted in the RECORD at this point in my remarks the text of this dispatch taken from the Kansas City Star of March 10, 1952.

The VICE PRESIDENT. Is there objection?

There being no objection, the text of the dispatch was ordered to be printed in the RECORD, as follows:

VAST ARMS FLOW—RUSSIAN SUPPORT OF COMMUNIST FORCES IN KOREA REVEALED BY SECRET U. N. REPORT—MANY MODERN SOVIET TYPES—MAIN SOURCES OF SUPPLIES ARE THE U. S. S. R. AND SATELLITE AREAS, RIDGWAY IS INFORMED—SOME HOWITZERS COMPARABLE TO THOSE OF THE ALLIES—VARIETY OF SMALL WEAPONS

TOKYO, March 10.—A hitherto secret report in Gen. Matthew B. Ridgway's headquarters asserts: "The main source of supply for present Chinese Communist forces in Korea is from Soviet-furnished matériel."

Although the United Nations command never has announced the capture of a Russian soldier, virtually all of the equipment

now in use by the North Korean army and the Chinese Communist forces is Russian-made.

JETS FROM RUSSIA

So, too, is the swift jet interceptor plane, the MIG-15, which patrols northwest Korea from Manchurian bases.

A staff officer at General Ridgway's headquarters today made available to the Associated Press today the report containing a list of captured guns, vehicles, and other war machinery which the Soviets have turned over to the North Korean and Chinese Communist armies.

Red staff officers drafting truce supervision terms nominated Russia as a neutral observer.

"With the exception of a small amount of Japanese matériel left over from the Japanese occupation of Korea and Manchuria and matériel captured from United Nations forces in Korea, the North Korean army has been entirely equipped and/or reequipped with Soviet matériel," the intelligence report said.

"Recent reports have shown that the main source of supply for present Chinese Communist forces equipping and/or reequipping of units in Korea, or earmarked for Korea, is from Soviet-furnished matériel."

ALL TYPES OF ARMS

"This Soviet-furnished matériel included tanks, self-propelled armored artillery, trucks, artillery, AA guns (antiaircraft), machine guns, and various types of small arms. While some part of this ordnance has been manufactured in North Korea proper, the vast majority has come from either Russia or her satellite countries.

"All of the ordnance matériel listed herein has been captured and positively identified in Korea during present hostilities.

"In the armored field of Soviet matériel identified in Korea, there are the BA-64 armored car, the SU-76 self-propelled gun, and the T-34 tank.

"The T-34 tank is armed with an 85-millimeter gun and was the principal combat vehicle of the U. S. S. R. throughout World War II, the SU-76 is a 75-millimeter gun mounted on a tank chassis providing a mobile artillery support, and the BA-64 is a lightly armored, highly mobile vehicle generally used for reconnaissance purposes."

ARTILLERY AND TANKS

"Soviet field artillery, antiaircraft guns, and antitank guns have been well represented in matériel captured in Korea by U. N. forces.

"These have included 45-millimeter and 57-millimeter antitank guns; 37-millimeter and 85-millimeter antiaircraft guns, and 76-millimeter howitzers, 76-millimeter guns and 122-millimeter howitzers in the field artillery group.

"The 45-millimeter antitank guns are outdated against modern armor and are useful only in close support of infantry in opposing lightly armored vehicles and against dugouts, etc.

"The 57-millimeter antitank gun is still effective against armor at very close ranges.

"Both the 37-millimeter and the 85-millimeter antiaircraft guns are of recent enough design and manufacture to be effective antiaircraft weapons.

"The 76-millimeter gun model 1902/30 is of antiquated design but has been effective in Korean terrain; the 76-millimeter howitzer model 1927 and 76-millimeter gun model 1938, while outdated, have been more than adequate for close infantry support purposes; the 122-millimeter howitzer model 1938 is a very effective weapon used generally for the same missions as the United States 155-millimeter howitzer and the 122-millimeter howitzer model 1931/37 is a powerful long-range weapon normally employed in roles comparable to those of the United States corps artillery."

Mr. KEM. Mr. President, the Senator from Maryland [Mr. O'Connor] on March 25, 1952, raised the question as to why, since rubber is an item of vital strategic importance, the President has permitted aid to continue to Britain engaged in selling rubber to Russia.

The Senator from Maryland said:

One important fact in this connection should be kept in mind. That is, that raw rubber would seem to be an item "of primary strategic significance" as laid down in title I of the Mutual Defense Assistance Control Act of 1951, under the heading of "War materials."

However, while title I specifically includes petroleum and transportation materials of strategic value as items that cannot be sent by countries sharing in the financial aid from this country, rubber has not been included in the list. Under what consideration it could have been omitted, when it seems to be so absolutely essential to the movement of all types of mechanized armaments, is difficult to understand.

Members who will recall the discussions on the floor of the Senate last year in the Congress will remember the paragraph in the Mutual Defense Assistance Control Act of 1951 which provides, and I quote:

"It is further declared to be the policy of the United States that no military, economic, or financial assistance shall be supplied to any nation unless it applies an embargo on such shipments to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination."

Then the Senator from Maryland continued:

It would certainly seem to circumvent the directly expressed purpose of the congressional act if the responsible authorities of our country continue to regard rubber as of so little strategic significance as to neglect now to include it in the prohibited list of items that may not be shipped to our Communist enemies.

Every mother and father, every wife and child whose close relatives are serving in Korea will disagree with any official dictum which would permit continuing shipments of vitally needed rubber to our Communist foes to be used against our own men and their companions in arms from other countries. It is a matter that warrants the thorough interest of every Member of Congress, and demands immediate reconsideration by those who are responsible for designation of strategic materials which may not be shipped to our enemies.

Rubber is not the only vital material Britain is making available to the Russians.

The largest electric motors for marine propulsion in the world are being built in Britain for Russia. They weigh about 100 tons each.

Our own defense effort has been retarded by a shortage of machine tools. Yet during the first 3 months in 1952 Britain sold \$1,541,280 worth of machine tools to Russia.

Britain is not the only country receiving aid from the United States and in turn selling strategic materials to the Reds.

According to the latest information available, France continues to sell iron and steel to Russia.

On January 20, 1952, it was announced that an on-the-spot investigation made by the Subcommittee on Export Controls and Policies that "strategic prod-

ucts, urgently needed by Communist forces, are still flowing to the iron curtain countries through Europe's free ports."

There are strong indications that, unless Congress takes prompt and effective action, the flood of strategic materials from Western Europe to the Reds may increase in the coming months. Startling events transpired at the Moscow economic conference a couple of months ago.

According to an Associated Press dispatch which appeared in the Washington Evening Star of April 14, 1952, dated Moscow, April 14:

Estimates of new East-West trade which may result from the Soviet-sponsored international economic conference here grew by leaps and bounds today.

The dispatch continues:

The conference ended Saturday but many delegates lingered on in the Soviet capital, reportedly continuing private negotiations.

A source with the British delegation predicted Britain may get 50,000,000 francs (\$140,000,000) worth of new business with Russia, China, and other Communist nations.

Another informant said Red China's delegation alone has made deals to exchange some \$80,000,000 worth of goods with western nations, including a swap of \$11,000,000 worth of silk, tea, oil, and manganese for metals, machinery, medical equipment, and consumer goods from France.

The British and Chinese last week signed contracts for exchange of \$56,000,000 worth of textiles and other goods.

Another member of the British delegation said Harold Wilson, president of the board of trade in Britain's last labor government, soon would visit the Soviet Union to survey possibilities of British purchase of Russian timber and other products.

Mr. Wilson while in the British cabinet negotiated several trade pacts between his government and the Soviets.

Constantine Brown, in an article entitled "Allies Are Falling Into Red Trap," had this to say about a deal between the French and Chinese Reds:

According to reports from Moscow, the Chinese Reds have concluded a trade agreement with French businessmen present at the international economic conference held in the Red capital this month. The total value of goods to be bought and sold does not exceed \$18,000,000. But it is interesting to note what this exchange will provide for each country.

The Chinese have undertaken to sell France silks, tea, animal products, handicraft goods, and other such products. The French businessmen whose deal has to be confirmed by their government will provide the Chinese with machinery of publicly unspecified type, medical supplies, and medical raw materials. This is believed to mean that the French pharmaceutical industry will send to China the ingredients necessary to manufacture medical products.

If the reported details of the French-Chinese trade agreement represent the type of deal which the Reds are offering to the business-hungry west our allies are falling into a serious trap. They will be providing the nations behind the Iron Curtain with products essential to increase their military capabilities. The Red armies in Korea have suffered less from the lack of war materials than scarcity of medical supplies. The French now will fill that vacuum. There is also a shortage of materials to make both summer and winter uniforms. The British manufacturers seem eager to provide that. In exchange the Red Governments will un-

dertake to supply the Western Europeans with totally unnecessary stuff which can be of little help in improving their national economies.

Yes, Mr. President, our allies will fill the gap.

Mr. President, it is now more plainly evident than ever before that if the sales of strategic materials by our allies to the Reds is to be halted, Congress must do it.

Mr. Truman has refused to act.

Mr. Acheson has refused to act.

The Battle Act has proved ineffective.

What we need is an iron-clad law which says in no uncertain terms that no nation can continue to receive assistance from the United States so long as it continues to sell strategic materials to the Reds.

That is exactly what the amendment I have proposed is designed to accomplish.

Mr. President, more than 106,000 American sons have been killed or wounded in Korea.

Who knows how many more will appear on the casualty lists?

The refusal of the President to halt the shameful, outrageous shipments of war materials to the enemy may be part of the strategy of so-called "limited war."

But for the boys on the bleak shell-seared ridges in Korea, there is no limit to the sufferings they must endure.

Surely the American Congress will not fail them.

Mr. President, I ask for the yeas and nays on my amendment.

Mr. O'CONOR. Mr. President, will the Senator from Missouri yield?

Mr. KEM. I yield.

Mr. O'CONOR. I have listened with a great deal of interest to the statement of the Senator from Missouri, with particular reference to the revelations as to the extent of shipments of rubber. The Senator from Missouri made a very clear-cut statement with respect to the subject, and I should like to ask whether he also has been confronted with the question as to the increase in shipments to Communist-dominated areas from Great Britain, in comparatively recent months. For example, if the Senator will permit me to make one reference—

Mr. KEM. I appreciate the contribution of the Senator from Maryland, who has made such an important contribution to the study of this subject.

Mr. O'CONOR. I thank the Senator from Missouri.

I wanted to ask if the Senator found anything to confirm the view held at the time of the compilation of our report, when we were advised that Great Britain had been shipping a very small amount of rubber at or about the time of the Korean outbreak, but in the latter part of 1951 and in April of 1952, shipments increased very much indeed. For example, in June 1950, shipments of rubber amounting to 18 tons increased to approximately 2,000 tons. In January of the present year, according to information submitted to us, the shipments increased to 12,000 tons in 1 month. I should like to ask the Senator if that corresponds with the information which he has?

Mr. KEM. Yes; it corresponds exactly. I think the fact that the trade is continuing is the most alarming feature of the whole situation.

SEVERAL SENATORS. Vote! Vote!

Mr. O'CONOR. May I ask the Senator another question in that regard?

Mr. KEM. Certainly.

Mr. O'CONOR. Has the Senator seen or heard of any justification or explanation of why shipments in such great quantities have gone forward in recent years while hostilities in Korea were at their height?

Mr. KEM. If there has been any explanation coming from the State Department, the President, or the National Security Council, it has escaped my notice.

Mr. O'CONOR. Is it not also true that if such shipments are not eliminated, the entire purpose of the act may be frustrated or nullified?

Mr. KEM. I think that is exactly what is taking place. The Battle Act is so innocuous that it apparently has no effect of slowing up the trade, because the trade has increased instead of decreased. So, on the record, the Battle Act has been ineffective in accomplishing the purpose for which it was designed.

Mr. O'CONOR. I know the Senator from Missouri has followed this matter over a longer period of time than I have.

Mr. KEM. I appreciate the contribution of the able Senator from Maryland.

Mr. O'CONOR. Mr. President, may I ask the Senator from Missouri whether he feels the amendment will put a stop to another grave abuse which our subcommittee found, namely, the great number of shipments from so-called free ports, and transit trade. Does the Senator feel that all shipments of strategic materials will be covered by his amendment?

Mr. KEM. That is the purpose of the amendment. I hope the language is sufficiently broad to accomplish that purpose. The purpose is to stop the sending by our allies in Western Europe of strategic war materials behind the iron curtain.

Mr. O'CONOR. I may say to the Senator from Missouri that the committee found the situation to be disgraceful, and we think that certainly some positive action ought to be taken about it.

Mr. KEM. I may say to the Senator from Maryland that I do not think anybody who has looked into the situation has received any other information about it. We have been toying with the situation. We passed an innocuous act, one that was not going to hurt the feelings of our allies. Instead of decreasing this scandalous business, the trade has increased. It seems to me it is time for Congress to take hold of the situation vigorously and to pass a law that will accomplish the objective which should be accomplished.

Mr. MAYBANK. Mr. President, will the Senator from Missouri yield for a unanimous-consent request?

Mr. KEM. I do not wish to yield at the moment; I should first like to have my request for the yeas and nays acted upon.

Mr. MAYBANK. Very well.

The VICE PRESIDENT. The Senator from Missouri has asked for the yeas and nays. Is the demand sufficiently seconded?

The yeas and nays were ordered.

Mr. KEM. Mr. President, I yield to the Senator from South Carolina.

The VICE PRESIDENT. The Senator's time will be up in 1 minute.

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. What was the showing with respect to the demand for the yeas and nays?

The VICE PRESIDENT. The yeas and nays were ordered by a sufficient show of hands.

Mr. CONNALLY. I understand there must be 20 percent of a quorum.

The VICE PRESIDENT. There was a sufficient number. Does the Senator wish to use any of his time to speak on the amendment?

Mr. CONNALLY. Yes. I yield to the Senator from Alabama.

The VICE PRESIDENT. How much time does the Senator yield?

Mr. CONNALLY. I yield 10 minutes.

Mr. SPARKMAN. Mr. President, do I understand that all the time on the other side has been used?

The VICE PRESIDENT. It has.

Mr. SPARKMAN. Has the other side used all its 30 minutes?

The VICE PRESIDENT. That is substantially so. The Senator from Missouri yielded to other Senators for the purpose of making insertions in the RECORD.

Mr. SPARKMAN. I realize that. I wanted to know, because of the outcry for a vote. Some Members on this side of the aisle wish to say something on this amendment, as under the rules we are given the right to do.

Mr. President, I shall take but a very few minutes. The able Senator from Missouri on the floor of the Senate has frequently presented a similar amendment to various Senate bills. At times it has been adopted and at other times it has been defeated. I think we are all familiar with it, and understand what the Senator is seeking to do. I wish to say that none of us can quarrel with the objective he seeks. I believe all of us desire to have the purpose accomplished. But, Mr. President, this amendment was offered in various forms to different bills and, I believe, was adopted at least two different times in, perhaps, different language. We know that considerable trouble was encountered in enforcement.

Finally, there came before us last year the Battle Act, which was initiated in the House after long and careful bipartisan study. It was recommended to the Committee on Foreign Affairs of the House of Representatives in a strong bipartisan report, and was recommended by the Foreign Affairs Committee of the House to the House of Representatives itself by a strong bipartisan vote. I do not recall that there was a single dissenting vote in the committee which reported the bill to the House of Repre-

sentatives. The bill was considered by the House and was passed.

The bill then came to the Senate and was considered in our committee. We took it up in the Senate last October, debated it at length and had a yea-and-nay vote on it. The Senate passed the bill and it became law on October 26, 1951.

I have not seen a report on the administration of the Battle Act. I do not know whether a report has yet been issued. But, Mr. President, I submit that the Battle Act has not yet had time to show whether it is effective. If it is not effective, I am in favor of scrapping it. If it does not accomplish the purpose for which it was passed, I would be in favor of providing something else that would do so. However, the Battle Act was passed after long and careful study, and I believe it provides a proper way of getting the job done.

Mr. KEM. Mr. President, I should like to ask the able Senator from Alabama if it is not a fact that, as has been stated by the Senator from Maryland [Mr. O'CONNOR], since the Battle Act became effective, sales of war materials by the countries of Western Europe, who are our allies, to countries behind the iron curtain, have increased in alarming proportions?

Mr. SPARKMAN. I heard the statement made by the able Senator from Maryland. I am certain he and his committee made proper findings of what has been taking place. But I submit that the Battle Act has not been on the statute books long enough to receive a fair trial. I submit that we cannot at this time say whether the administration of the Battle Act has been sufficiently long to enable us to determine whether it can be effective. I believe it can be effective.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I have only 10 minutes. The Senator had 30 minutes. But I will yield for a question.

Mr. KEM. I yielded much of my time to Members on the other side.

Mr. SPARKMAN. Yes; a minute and a half and another minute, a total of 2½ minutes. I will correct my statement and say that the Senator from Missouri had 27½ minutes.

Mr. KEM. Does not the Senator from Alabama believe we should profit by experience? We have had an opportunity to weigh the Battle Act in the balance and have found it wanting.

Mr. SPARKMAN. No. I will agree with the first part of the statement. Certainly we should profit by experience, but I say we ought to gather the experience first. We have not had time to gather the experience from the administration of the Battle Act thus far.

Mr. KEM. Does the Senator from Alabama know how many American boys have been killed since the enactment of the Battle Act?

Mr. SPARKMAN. Yes. I heard the Senator refer to that point two or three times in the course of his remarks today, but it has nothing to do with the Battle Act. The Battle Act was passed for the

purpose of stopping trade in goods which we did not want sold.

I noticed that the Senator from Missouri in his statement talked about the amount of trade with the countries of Western Europe. The Senator will remember that different listings were permitted to be made under the Battle Act. It is entirely possible that some trade has gone on. We have recognized the necessity for the trade. For instance, there was the case of the difficulty of trade between Denmark and Poland. That example could be multiplied dozens of times. Denmark wanted coal; it had to have coal. We cut them off from selling their products in this country under section 104 of the Defense Production Act. They could not get coal here because they could not sell their products and get dollars with which to buy coal. They could buy coal in Poland, and they could buy it with soft currency; but Poland in return required that they trade with her. If the Senator from Missouri were to follow his argument to the logical conclusion, Denmark would be forced from the western orbit into the eastern orbit, in order to find a living for her people. That is the logical conclusion to which this type of legislation would lead, if pushed to the extreme to which the Senator from Missouri apparently would push it.

Mr. KEM. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. KEM. Does the Senator from Alabama understand that the Senator from Missouri wishes to apply this amendment to any but strategic war materials?

Mr. SPARKMAN. I hope he does not; but in talking about trade with those countries, he did not limit it to strategic war materials.

Mr. KEM. The only trade I mentioned was in war materials.

Mr. SPARKMAN. The Battle Act recognizes that very thing, and makes that distinction. The Senator from Missouri may recall that the Battle Act first sets up a list of absolutely prohibited materials. Then it sets up a list of questionable materials, but materials which may be let in under certain conditions. All the other things constitute trade about which we do not care so much.

Mr. President, I shall not take more of the time of the Senate. I simply wish to make this point: We passed the Battle Act just before Christmas. There has not been time enough to try it out. It is supposed to do a certain job. It is an act which received the most careful study and consideration by the proper committees in both Houses of Congress, and was passed after careful debate, on a yea-and-nay vote in the Senate. I do not recall whether there was a yea-and-nay vote in the House or not, but there was a yea-and-nay vote in the Senate, and the measure was passed by the Senate. I say that we ought to allow it to work.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr.

KEM]. On this question the yeas and nays have been ordered, and the Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCARTHY (when his name was called). I have a general pair with the Senator from Washington [Mr. MAGNUSON], covering most of the amendments offered today. I do not know how he would vote on this amendment. I therefore vote "yea."

The roll call was concluded.

Mr. JOHNSON of Texas. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Nevada [Mr. McCARRAN], the Senator from Georgia [Mr. RUSSELL], and the Senator from North Carolina [Mr. SMITH] are absent on official business.

The Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], and the Senator from Arkansas [Mr. McCLELLAN] are absent by leave of the Senate.

The Senator from Connecticut [Mr. McMAHON] is absent because of illness.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a delegate from the United States to the International Labor Organization Conference, which is to meet in Geneva, Switzerland.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Connecticut [Mr. McMAHON], and the Senator from Montana [Mr. MURRAY] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN] and the Senator from California [Mr. KNOWLAND] are absent by leave of the Senate.

The Senator from Pennsylvania [Mr. DUFF] and the Senator from Nebraska [Mr. SEATON] are necessarily absent.

The Senator from Montana [Mr. ECTON] and the Senator from North Dakota [Mr. LANGER] are absent on official business.

The Senator from Vermont [Mr. FLANDERS] and the Senator from Wisconsin [Mr. WILEY] are absent by leave of the Senate for the purpose of attending the Conference of the International Council for Christian Leadership at The Hague.

The Senator from Ohio [Mr. BRICKER], the Senator from Kansas [Mr. CARLSON], the Senator from Indiana [Mr. JENNER], and the Senator from New Hampshire [Mr. TOBEY] are detained on official business.

On this vote the Senator from Ohio [Mr. BRICKER] is paired with the Senator from Pennsylvania [Mr. DUFF]. If present and voting, the Senator from Ohio would vote "yea" and the Senator from Pennsylvania would vote "nay."

The result was announced—yeas 40, nays 32, as follows:

YEAS—40

Alken	Hunt	O'Connor
Bennett	Ives	O'Mahoney
Brewster	Johnson, Colo.	Saltonstall
Bridges	Johnston, S. C.	Schoeppel
Butler, Md.	Kem	Smathers
Butler, Nebr.	Lodge	Smith, Maine
Capehart	Malone	Taft
Case	Martin	Thye
Cordon	Maybank	Watkins
Dirksen	McCarthy	Welker
Dworshak	Millikin	Williams
Ferguson	Morse	Young
Hendrickson	Mundt	
Hickenlooper	Nixon	

NAYS—32

Anderson	Hayden	McKellar
Benton	Hennings	Monroney
Clements	Hill	Moody
Connally	Hoey	Neely
Douglas	Holland	Pastore
Eastland	Humphrey	Robertson
Ellender	Johnson, Tex.	Smith, N. J.
Frear	Kilgore	Sparkman
Fulbright	Lehman	Stennis
George	Long	Underwood
Green	McFarland	

NOT VOTING—24

Bricker	Gillette	McClellan
Byrd	Jenner	McMahon
Cain	Kefauver	Murray
Carlson	Kerr	Russell
Chavez	Knowland	Seaton
Duff	Langer	Smith, N. C.
Ecton	Magnuson	Tobey
Flanders	McCarran	Wiley

So Mr. KEM's amendment was agreed to.

Mr. KEM. Mr. President, I move that the Senate reconsider the vote by which the amendment was agreed to.

Mr. MUNDT. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER (Mr. HOEY in the chair). The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Mr. President, I offer the amendment which I send to the desk. I ask to have it stated.

The PRESIDING OFFICER. The Clerk will state the amendment.

The CHIEF CLERK. On page 11, line 9, it is proposed to strike out the quotation marks at the end thereof and insert between lines 9 and 10 the following:

SEC. 537. (a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this act, the Director for Mutual Security shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under this act (other than funds authorized to carry out the provisions of the Mutual Defense Assistance Act of 1949, as amended) by making available or causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with funds authorized under this act (other than funds authorized to carry out the provisions of the Mutual Defense Assistance Act of 1949, as amended), by making available or causing to be made available to prospective purchasers in the countries receiving assistance under this act information as to commodities and services produced by small independent enterprises

in the United States, and by offering additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be transferred to the Office of the Director for Mutual Security the Office of Small Business of the Mutual Security Agency headed by the Special Assistant for Small Business to carry out the provisions of subsection (a). Each report transmitted to the Congress under section 518 shall include a report of all activities under this section. The Technical Cooperation Administration shall adopt the procedure of notifying American business, particularly small independent enterprises, of procurement and other information as far in advance as possible through the facilities of the Mutual Security Agency. The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, such information to be furnished as far in advance as possible.

(c) Section 112 (i) of the Economic Cooperation Act of 1948, as amended, is hereby repealed.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CONNALLY. I will be glad to take the amendment to conference, if it is agreeable to the Senator from Alabama.

Mr. SPARKMAN. That is agreeable to me.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. SPARKMAN].

The amendment was agreed to.

Mr. CASE. Mr. President, I call up my amendment "5-27-52-F," as modified.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. At the end of the bill, page 16, it is proposed to add a new section as follows:

SEC. 12. Except as otherwise provided by this act, all counterpart funds of local currencies created by section 115 (b) 6 of the Economic Cooperation Act of 1948, as amended, and by acts supplementary or amendatory thereto shall be expended only on such projects of military assistance or defense support projects for which new funds authorized by this act would themselves be available. Officials charged with the administration of this act and with authority to approve withdrawals from the counterpart funds shall certify to compliance with the requirements of this section when such withdrawals are proposed for their approval.

Mr. CONNALLY. Mr. President, will the Senator from South Dakota yield?

Mr. CASE. Gladly.

Mr. CONNALLY. I agree to take the amendment to conference.

Mr. CASE. Mr. President, I ask unanimous consent that there be printed in the RECORD at this point a statement prepared by me on the amendment and some excerpts from a staff memorandum prepared for the House Committee

on Foreign Affairs, all relating to the use of counterpart funds.

Mr. CONNALLY. Does it include the modification?

Mr. CASE. It does.

There being no objection, the statement and excerpts from the staff memorandum were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CASE

CASE AMENDMENT ON COUNTERPART FUNDS

This amendment seeks to accomplish the third purpose in an amendment which I offered to the Mutual Security Act of 1951, last August 31. The other two parts or purposes of that amendment offered last year, I am happy to note, are now in substance a part of the bill before us.

To the bill last year, I offered an amendment the first two-thirds of which read:

"Sec. 506A. The President is advised that Congress looks with favor on proposals to form a federation of the free states of Europe. To advance this policy, the administrator shall use his powers and duties under this act to—

"(1) encourage the economic integration of the free states of Europe;

"(2) assist in the formation of a continental police force to preserve the peace of Europe."

The distinguished chairman of the Committee on Foreign Relations was very generous in his comment on my proposal at the time, but he opposed its adoption and it failed of passage by a vote of 25 to 41. I am pleased, therefore, to call attention to the fact that the bill now before us, introduced by the same chairman, the Senator from Texas [Mr. CONNALLY] and reported by the Committee on Foreign Relations, starts off in its first substantive material by adding a new subsection to the act of 1951 with this language:

"(b) The Congress welcomes the recent progress in political federation, military integration, and economic unification in Europe and reaffirms its belief in the necessity of further vigorous efforts toward these ends as a means of building strength, establishing security, and preserving peace in the North Atlantic area.

"In order to provide further encouragement to such efforts, the Congress believes it essential that this act should be so administered as to support concrete measures for political federation, military integration, and economic unification of Europe."

I submit that the distinguished Senator could hardly have expressed the purpose and idea of my last year's amendment any more precisely had he used the words verbatim as I had proposed them. The purpose of the amendment up to that point has clearly been accepted and written into the bill now before us.

The final subparagraph of my amendment, last year, however, has not been wholly brought into this bill, and the purpose of the amendment now offered is to accomplish that in effect.

That final part of last year's amendment further required the Administrator to—

"(3) Require counterpart funds in local currencies from any country receiving aid under this act to be available to the United States for procurement of strategic materials, acquisition of holdings of claims of European nations in the Western Hemisphere: *Provided, however,* That counterpart funds received for aid assigned in turn by any country to the Federation of Free States of Europe shall be placed in the treasury of such Federation for expenditure as it may determine."

The purpose of that portion of the amendment proposed last year thus was twofold: first, to insure the maximum benefit from

the counterpart funds without disbursement on projects either of no special concern to the United States or of little value; second, to make possible the use of counterpart funds in local currencies to be used for the projects of the western European federation—call it whatever you may, Federation of Free States, Western Europe or North Atlantic Community, or NATO.

It is clear that under the language in the concluding part of this new subsection in the bill before us, and particularly in lines 17 to 19 on page 2, that appropriations made pursuant to what various acts may be used for—

"(c) the organization which may evolve from the current international discussions concerning a European defense community."

But it is not clear that counterpart funds must be so used.

I think counterpart funds could be so used to the extent that the countries providing them agreed to such use, but I do not find any directive to the Administrator to see that they are so used.

The only positive legislative directive on the use of counterpart funds, as far as I recall, is that first provided in the initial appropriation for ECA in 1948, the so-called 5 percent fund. Having proposed that earmarking of a percentage of the counterpart funds for the use of the United States in its expenses abroad or in the procurement of strategic materials, when I was a member of the House Appropriations Committee I have always been interested in how it was worked out.

The most complete and informative résumé on counterpart funds which has come to my attention is a study made by the staff of the House Committee on Foreign Affairs and submitted to the chairman of that committee as a staff memorandum dated March 18, 1952. With the permission of the Senate, I shall place that memorandum in the RECORD at the conclusion of this statement.

Reference to the tables in that study will show that counterpart funds have been used for a wide variety of purposes. In all, something over \$7,500,000,000 had been withdrawn from the local currency funds up to the end of last November. And of that amount, well over \$2,200,000,000 had been used in "debt retirement."

Debt retirement—that simply means that the dollar which we put up to buy supplies shipped to foreign governments and turned over to them had provided those governments with their own local currencies to apply directly to reduction of their national debts in that amount.

If a measure had been proposed without any camouflage for the Congress to have appropriated money raised by the sale of bonds here at home, increasing our own national debt, for the direct purpose of reducing the national debt of other countries, surely it would not have passed or received many votes—or would it? Sometimes, one wonders.

Be that as it may, the time has come, it seems to me, when we should insist that these counterpart funds should be applied solely and directly to the specific purposes of the appropriations made directly by us for the purposes of Mutual Security.

Hence the amendment I now offer reads:

"Sec. 12. Except as otherwise provided by this act, all counterpart funds of local currencies created by section 115 (b) 6 of the Economic Cooperation Act of 1948, as amended, and by Acts supplementary or amendatory thereto shall be expended only on such projects of military assistance or defense support projects for which new funds authorized by this act would themselves be available. Officials charged with the administration of this act with authority to approve withdrawals from the counterpart funds shall certify to compliance with the

requirements of this section when such withdrawals are proposed for their approval."

It will be seen that what this amendment does is to say that the counterpart funds instead of being used for debt retirement, or for transportation facilities generally, or for housing or for mining of a nonstrategic character, hereafter shall be used solely and directly for the very purposes for which we authorize new dollars to be spent.

The tables in the staff memorandum previously cited indicate that about \$2,000,000,000 have been deposited in the counterpart funds and were not withdrawn as of November last. Whatever the amount was then or now is or may become, the compliance with the amendment I have now proposed will add substantial amounts to the precise and specific purposes of military assistance and defense support with the same requirements as apply to the dollars that we appropriate directly.

To those who are familiar with the counterpart story, this should suggest that this amendment, so far from weakening the bill or its purposes in any respect, will greatly augment and aid them.

Indeed, when I appeared on the television Town Hall Meeting of the Air in New York City a few weeks ago, and expressed this idea, MSA Administrator Averell Harriman, the other party on the program, stated that it was the intent and policy of MSA that counterpart funds should be so used.

However, it was clear from examination of the purposes for which counterpart has been spent up to the end of November, at least, that this has not always been the case. This amendment seeks to insure that this will be the case from now on.

As I turned in the amendment the other day and in the printed form in which it appears on Senators' desks, it would have required that counterpart funds thus acquired for expenditure for the purposes of the program should be counted against the total funds provided by the bill before us. The battle on the amount of funds to be provided, however, has been fought already in this chamber today, several times, and seems to be resolved. So, I have dropped that sentence from the amendment—the last sentence which would have read:

"Amounts authorized for expenditure under this act shall be reduced by the amounts so withdrawn from counterpart funds."

That sentence is not in the amendment as now formally offered and its elimination is part of the modification which the clerk noted when reading it a few minutes ago.

The other modification from the printed form is a change in the first clause. As intended to be proposed, the amendment carried a superfluous clause which read:

"After the effective date of this act, etc."

That has been changed to read:

"Except as otherwise provided by this act, etc."

That modification was made to avoid any conflict with the amendment offered by the junior Senator from Michigan [Mr. MOODY], and other Senators, and heretofore adopted. It also related to use of a limited portion of the counterpart funds, and my amendment is not intended to injure his amendment in any way for I am sympathetic to its purposes and voted for it.

In this form, therefore, the amendment contributes to the strength and basic purposes of the bill, and I am hopeful that the chairman of the Committee on Foreign Relations will indicate his favor for it, and that it will be accepted by the Senate and prevail in the conference with the House.

Today we stand committed to the principle of collective security in the North Atlantic community.

We have encouraged the countries of Western Europe to lay aside their rivalries

and their fears in political, economic and military integration. We have asked Western Germany to join the federation of free states—an objective which I pleaded for in the report of the House Select Committee on Foreign Aid back in 1946 and 1947.

Today, those countries are coming together. Even as we work on this bill, ceremonies mark the signing of an epochal agreement toward this end.

Therefore, I shall vote for the bill on final passage, and I hope that it will embody those amendments which make it within our capacity and which concentrate its funds on fundamental purposes. Such action will be approved by the country and by posterity.

COUNTERPART—STAFF MEMORANDUM

MARCH 18, 1952.

To: Hon. JAMES P. RICHARDS, Chairman.
From: Roy J. Bullock, staff consultant.
Subject: Counterpart.

Counterpart is being accumulated under the Mutual Security Act of 1951, the Economic Cooperation Act of 1948, as amended, the China Area Aid Act of 1950, the Mutual Defense Assistance Act of 1949, and the act for international development. This memorandum summarizes the situation and indicates certain problems which exist.

COUNTERPART SOURCES

Counterpart funds are local currencies deposited in a special account by countries which receive aid from the United States on a grant basis. Such deposits are currently being made under several acts, including section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended (Public Law 472, 80th Cong.); section 408 (b) and (d) of the Mutual Defense Assistance Act of 1949, as amended (Public Law 329, 81st Cong.); section 202 of the China Area Aid Act of 1950, as amended (title II, Public Law 535, 81st Cong.); section 407 (c) (1) of the act for international development, as amended (title IV, Public Law 535, 81st Cong.). The Mutual Security Act of 1951 (Public Law 165, 82d Cong.) contains a number of provisions which deal with counterpart primarily by amending the Economic Cooperation Act of 1948. New counterpart is being generated, however, only under section 205 in connection with assistance to refugees coming into Israel.

Counterpart balances still remain and are administered by the Mutual Security Agency. They were deposited under the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, 80th Cong., sec. 6) and the Foreign Aid Act of 1947 (Public Law 389, 80th Cong., sec. 5 (b)). The Yugoslav Emergency Relief Assistance Act of 1950 (Public Law 897, 81st Cong., sec. 3 (a)) required that local currency be made available for United States administrative and operating expense in Yugoslavia. The Government of Yugoslavia was required to use an equivalent amount of local currency for relief and charitable purposes when relief supplies were sold. This program is now completed.

REQUIREMENTS FOR DEPOSIT

The amounts of local currency required to be deposited varies with the provisions of the different acts. Paragraph (6) of subsection (b) of section 115 of the Economic Cooperation Act of 1948, as amended, provides in part for "placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis."

The Administrator is given discretion to waive this requirement in the case of tech-

nical information and assistance and for the charges on ocean transportation to the extent that charges of United States-flag vessels exceed world market rates.

The China Area Aid Act of 1950 authorizes (sec. 202) economic assistance "in the general area of China * * * on such terms and conditions as the President may determine."

Reference is made in this section to the China Aid Act of 1948 (title IV, Public Law 472, 80th Cong.) which requires, in part, in section 403, that "aid provided under this title shall be provided under the applicable provisions of the Economic Cooperation Act of 1948 which are consistent with the purposes of this title."

Title III of the Mutual Security Act of 1951, under which economic aid to "the general area of China" is now furnished, also follows this pattern and is interpreted as permitting the Director for Mutual Security to hold that certain provisions of the Economic Cooperation Act regarding counterpart are not fully applicable in the general area of China.

Local currency is deposited under the Mutual Defense Assistance Act of 1949 in amounts determined by agreement with each country in order to cover the local currency expenses of the United States in administering the act in that country. The language of section 408 is, in part, as follows:

"(b) * * * Whenever possible the expenses of administration of this act shall be paid for in the currency of the nation where the expense is incurred, as provided in subsection (d)."

Subsection (d) provides:

"(d) Upon approval by the President, any currency of any nation received by the United States for its own use in connection with the furnishing of assistance under this act may be used for expenditures for essential administrative and operating expenses of the United States incident to operation under this act and the amount, if any, remaining after the payment of such expenses shall be used only for purposes specified by act of Congress."

Shipments to Yugoslavia, Italy, and France of materials, supplied under the Mutual Defense Assistance Act before enactment of the Mutual Security Act, required counterpart by agreement as a result of executive decision although there was no statutory requirement for such deposits. In other cases of this type no counterpart was required.

The Act for International Development makes no requirement for the deposit of counterpart although local currency is being deposited under this act. Subsection (c) of section 407 requires, in part, "that the country being assisted * * * pays a fair share of the cost of the program." Agreements are entered into with each country some of which provide for the deposit of local currency to be used in paying United States expenses. In general, counterpart deposits are required under this act whenever the sale of goods or services provided by the United States generates local currency.

The Mutual Security Act of 1951 contains a number of provisions dealing with counterpart, most of them amending sections of other acts. A new source of counterpart has emerged, however, in section 205, which authorizes \$50,000,000 for the relief of refugees coming into Israel "under such terms and conditions as the President may prescribe." An agreement has been reached with Israel that the equivalent of \$50,000,000 in local currency will be deposited in connection with assistance provided under this section.

Local currencies were deposited under Public Law 84, Eightieth Congress, section 6, which provided that when a government "sells such relief supplies for local currency (a) the amounts of such local currency will

be deposited by it in a special account; (b) such account will be used within such country, as a revolving fund, * * * for relief and work-relief purposes, including local currency expenses of the United States incident to the furnishing of relief."

The unencumbered portions of this account were turned over to the ECA by paragraph (6) of subsection (b) of section 115 of the Economic Cooperation Act to be used as provided in that paragraph.

Public Law 389, Eightieth Congress, section 5 (b), provided for the deposit of local currency as follows: Each country was required "to make, when any commodity which is not furnished on terms of repayment in dollars is made available under this act, a commensurate deposit in the currency of such country in a special account under such general terms and conditions as may, in said agreement, be agreed to between such country and the Government of the United States, and to hold or use such special account for, and only for, such purposes as may be agreed to between such country and the Government of the United States."

The unencumbered balance of these funds was placed under the ECA by paragraph (6) of subsection (b) of section 115 of the Economic Cooperation Act of 1948.

It should be noted that, of the laws under which local currencies are currently being deposited, the amounts are determined under the Economic Cooperation Act of 1948, the China Area Aid Act of 1950, and section 205 of the Mutual Security Act of 1951 by the value of United States assistance provided on a grant basis. In the case of the Mutual Defense Assistance Act and the Act for International Development, the amount deposited is not directly determined by the amount of United States assistance given and ordinarily is related to the local currency expenses of the United States in connection with the program.

CONTROL OF COUNTERPART DEPOSITS

The Economic Cooperation Act of 1948, section 115 (b) (6), provides that counterpart will be deposited in special account, the use of which "shall be subject to agreement between such country and the administrator (now the Director for Mutual Security), who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in section 107 (a) (of the Economic Cooperation Act)."

This act also provides, section 115 (h), that "not less than 5 percent of each special local currency account * * * shall be allocated to the use of the United States Government for expenditure for"—strategic materials and—"other local currency requirements of the United States, including local currency"—expenses of "appropriate" committees of Congress. This 5 percent counterpart for United States use is transferred from time to time to an account in the name of the United States disbursing officer.

Local currency deposits under the China Area Aid Act are governed by the Economic Cooperation Act except that it has been held that the allocation of 5 percent of the counterpart for United States expenses is not an "applicable" provision in the general area of China. Local currencies are made available for United States expenses by the countries in the area in accordance with the bilateral agreements, but there is no general following of the 5 percent requirement as a firm minimum to be turned over to the United States regardless of United States requirements for administrative expenditures on this program. Amounts somewhat in excess of 5 percent have been required from the Belgian and Portuguese counterpart accounts for United States administrative expenses in those countries.

The arrangement required by the Economic Cooperation Act is being followed in the case of deposits of local currency under the Technical Cooperation Act. An account is opened under joint control from which transfers of the funds to be used for paying United States expenses are made from time to time to a United States account.

The counterpart made available under the Mutual Defense Assistance Act is deposited by each government to the credit of the United States at intervals as provided in the agreement in each country.

RESTRICTIONS ON USE OF COUNTERPART BY FOREIGN COUNTRIES

The only legislative direction as to the use of counterpart by foreign countries is in the Economic Cooperation Act of 1948, as amended. These provisions are currently held to apply to countries coming under the China Area Aid Act. Local currencies deposited under other laws which are not turned over to the United States for operating expenses can be disposed of in any way the executive branch agrees with the depositing government.

The Economic Cooperation Act, as amended, authorizes the Director for Mutual Security to agree to the use of local currency deposits by foreign nations for the following purposes:

1. The furtherance of the European Payments Union or any other organization for the same purpose;
2. For "internal monetary and financial stabilization";
3. For "the stimulation of productive activity and the exploration for and development of new sources of wealth";
4. For the encouragement of emigration from countries having surplus manpower;
5. For "such other expenditures as may be consistent with" the purposes of this act;
6. Not less than the equivalent of \$500,000,000 or counterpart deposited in Marshall plan or Mutual Defense Assistance Program countries must be used exclusively for "military production, construction, equipment, and matériel in such countries";

7. "Where practicable" for "defraying the transportation cost" of relief packages and supplies "from the port of entry of such country to the designated shipping point of consignee."

RESTRICTIONS ON UNITED STATES SHARE OF COUNTERPART

Only the Economic Cooperation Act of 1948, as amended, directs the amount and use of counterpart turned over to the United States. Section 115 (h) provides that not less than 5 percent of the total in each country shall be allocated to the United States. The bilateral agreements with each country have in general provided that only 5 percent be allocated to the United States for United States requirements without limitation as to type of expenditures. The agreements also provide, however, that amounts necessary for United States administrative expenses under the ECA Act may be drawn down as required if the 5 percent amount is not enough. In "the general area of China" except for the Philippines there is no 5-percent provision and the amounts allocated to the United States are determined by mutual agreement.

A special situation exists in Germany whereby the United States in addition to the 5 percent of the local currency deposited may use GARIOA (Government and Relief in Occupied Areas) local currency account in meeting the responsibilities of the United States in the occupation of Germany. At the beginning of the ECA, assistance was supplied to Germany both by Defense and ECA, and separate local currency accounts were maintained. It was felt that the extraordinary needs of the United States in Germany for local currency made 5 percent inadequate. As a consequence an agreement was entered into with the Federal Republic of Germany that, in addition to a 5-percent allocation for United States use, an agreed percentage of the counterpart would be deposited in the GARIOA account. Legislative approval for this arrangement is provided in subsection (i) of section 114 of the Economic Cooperation Act of 1948, as amended. Two major items, financed out of

the GARIOA account, have been a contribution to the support of Berlin and to the public affairs program. At present 25 percent of the counterpart is allocated to this account. It is expected that this arrangement will continue as long as grant aid is given to Germany.

The use of the United States share of the counterpart is subject to the following directions and limitations:

1. Section 115 (b) (6) provides for payment of "local currency administrative and operating expenditures of the United States incident to operations under this title." On the other hand, subsection (h) of the same section authorizes allocation "for other local currency requirements of the United States, including local currency requirements of appropriate committees of the Congress."

2. Authorization is given for "expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources" (sec. 115 (h)).

3. Such amounts "as may be necessary" shall be utilized "to give full and continuous publicity through the press, radio, and all other available media" of the "purpose, source, and character" of assistance "furnished by the American taxpayer" (sec. 115 (j)).

4. The United States share of the counterpart can be used outside the country in which it originates as provided by subsection (c) of section 523 of the Mutual Security Act of 1951.

5. Section 521 of the Mutual Security Act authorizes "any agency" of the United States Government to use any currency of any nation received by the United States for its own use in connection with United States aid for administrative and operating expenses under this act without reimbursement from any appropriation.

UTILIZATION OF COUNTERPART

The following tables show the amounts deposited and the use made of counterpart among the countries included in title I of the Mutual Security Act:

TABLE I.—Status of European local currency counterpart accounts under Public Laws 472, 84, and 389, cumulative, Apr. 3, 1948–Nov. 30, 1951

[Dollar equivalents of the local currency, in millions of dollars]

Country	Public Law 472					Total deposits from other public laws ¹	Total deposits available for country use
	Aid requiring counterpart deposits	Deposits	Adjusted dollar equivalents of deposits				
			Total	5 percent for use by the United States	95 percent for use by recipient country		
Total.....	9,924.5	9,728.7	9,006.5	433.2	8,573.3	717.1	9,290.4
Austria.....	789.5	757.7	609.9	27.3	582.6	112.1	694.7
Belgium-Luxemburg.....	22.0	18.5	18.1	1.1	17.0	.....	17.0
Denmark.....	250.0	240.2	208.0	10.5	197.5	.....	197.5
France.....	2,334.2	2,283.9	2,256.8	100.4	2,156.4	312.6	2,469.0
Germany (Federal Republic).....	1,319.1	1,318.0	² 1,128.1	59.3	1,068.8	² 116.0	1,184.8
Greece.....	803.0	774.8	728.3	34.6	693.7	2.7	696.4
Iceland.....	17.8	17.3	15.9	.8	15.1	.....	15.1
Ireland.....	17.1	14.6	14.5	.7	13.8	.....	13.8
Italy.....	965.6	936.4	905.8	46.0	859.8	173.4	1,033.2
Netherlands.....	857.5	844.8	772.8	37.8	735.0	.....	735.0
Indonesia ⁴	114.9	114.0	47.8	5.3	42.5	.....	42.5
Norway.....	357.3	350.7	337.2	15.9	321.3	.....	321.3
Portugal.....	18.2	18.2	17.6	1.1	16.5	.....	16.5
Trieste.....	36.1	34.7	34.2	1.7	32.5	.3	32.8
Turkey.....	103.6	88.3	88.3	4.4	83.9	.....	83.9
United Kingdom.....	1,890.4	1,890.1	1,796.8	85.0	1,711.8	.....	1,711.8
Yugoslavia.....	28.2	26.5	26.4	1.3	25.1	.....	25.1

Footnotes at end of table.

FUNDS UTILIZED BY RECIPIENT COUNTRIES AND AVAILABLE BALANCES

[Dollar equivalents of the local currency, in millions of dollars]

Country	Total		Public Law 472		Public Laws 84 and 389		Balance available for approval
	Approved for withdrawal	Withdrawals	Approved for withdrawal	Withdrawals	Approved for withdrawal	Withdrawals	
Total.....	7,566.8	7,418.6	7,002.4	6,855.8	564.4	562.8	1,723.6
Austria.....	508.6	493.1	399.8	384.3	108.8	108.8	186.1
Belgium-Luxemburg.....	2.2	2.1	2.2	2.1			14.8
Denmark.....	118.9	118.9	118.9	118.9			78.6
France.....	2,453.3	2,453.3	2,140.7	2,140.7	312.6	312.6	15.7
Germany (Federal Republic).....	895.8	894.6	895.8	894.6			289.0
Greece.....	360.4	337.5	360.4	337.5			336.0
Iceland.....	.9	.9	.9	.9			14.2
Ireland.....	(¹)	(¹)	(¹)	(¹)			13.8
Italy.....	870.7	821.1	727.7	679.7	143.0	141.4	162.5
Netherlands.....	329.5	271.2	329.5	271.2			405.5
Indonesia.....							42.5
Norway.....	200.9	200.9	200.9	200.9			120.4
Portugal.....	15.4	15.0	15.4	15.0			1.1
Trieste.....	29.6	29.4	29.6	29.4			3.2
Turkey.....	71.8	71.8	71.8	71.8			12.1
United Kingdom.....	1,708.8	1,708.8	1,708.8	1,708.8			3.0
Yugoslavia.....							25.1

¹ Includes only the unencumbered portions of deposits for which MSA is responsible for approving the utilization.² Does not include the equivalent of \$93.3 million transferred to the GARIOA counterpart account in Germany.³ Balance of GARIOA counterpart funds remaining after disbursements which have been requested by the United States. However, the United States has priority on use of this balance before any funds become available for use by Germany.⁴ Aid furnished from European program funds.⁵ Less than \$50,000.TABLE II.—MSA/ECA approvals for withdrawal of European counterpart funds¹ available for country use, cumulative, Apr. 3, 1948–Nov. 30, 1951

[Millions of dollars]

Country	Total approved for withdrawal	Purpose						
		Debt retirement	Agriculture	Extractive industries	Manufacturing	Transportation, communications, and utilities	Other production	Housing
Total.....	7,566.8	2,250.9	693.5	485.6	774.7	1,903.8	378.1	584.4
Austria.....	508.6	85.0	55.2	22.6	116.3	182.2	4.6	17.9
Belgium-Luxemburg.....	2.2		.2				2.0	
Denmark.....	118.9	88.3	2.7		2.4	2.6	20.7	2.2
France.....	2,453.3	171.4	233.5	340.6	248.5	1,036.9	128.1	278.9
Germany (Federal Republic).....	895.8		67.6	100.3	207.9	253.4	45.5	62.5
Greece.....	360.4		47.2	3.3	13.9	64.1	45.3	59.7
Iceland.....	.9					.9		
Italy.....	870.7		110.3		121.7	296.3	114.1	77.3
Netherlands.....	329.5		166.4		56.5	13.7	2.5	88.1
Norway.....	200.9	200.9						
Portugal.....	15.4		3.6		.4	11.4		
Trieste.....	29.6		.3		.9	28.2	.2	
Turkey.....	71.8		6.5	18.8	6.2	14.1	13.5	12.7
United Kingdom.....	1,708.8	1,705.3					1.6	1.9

¹ Includes deposits under Public Law 472 and the equivalent of \$564.4 million of counterpart funds deposited under Public Laws 84 and 389.

TABLE III.—Status of United States (5 percent) portion of European counterpart funds under the Foreign Assistance Act of 1948 (Public Law 472) cumulative, Apr. 3, 1948–Nov. 30, 1951

[Dollar equivalents of the local currency, in thousands of dollars]

Country	United States portion of deposits ¹	Obligations				Transfers to United States Treasury from MSA/ECA ²	Other transfers ³
		Total	Administrative	Strategic materials	Information and other		
Total.....	433,182	258,787	40,742	164,367	53,678	47,950	4,356
Austria.....	27,275	4,459	1,211		3,243	9,878	
Belgium-Luxemburg.....	1,079	542	491		51		
Denmark.....	10,487	3,153	815	1,662	676	1,705	
France.....	100,351	65,494	22,024	25,134	18,336	20,433	2,807
Germany (Federal Republic).....	59,336	28,224	2,228	19,099	6,897	2,000	
Greece.....	34,561	4,376	1,849	1,493	1,034	4,667	
Iceland.....	807	94			4	308	
Ireland.....	731	250	216		34	25	
Italy.....	46,046	39,817	4,547	15,958	19,312	3,880	
Netherlands.....	37,836	12,673	1,072	10,408	1,193	3,026	
Indonesia.....	5,305	3,648	453	3,173	22		
Norway.....	15,848	14,411	635	13,525	251	923	
Portugal.....	1,066	725	478	212	35	286	
Trieste.....	1,704	390	227		163	791	
Turkey.....	4,417	1,836	1,258	61	517		
United Kingdom.....	85,010	78,673	3,126	73,642	1,905		1,549
Yugoslavia.....	1,323	22	22			28	

¹ Includes deposits in excess of 5 percent of total counterpart deposits in Belgium and France.² Includes transfers to other Government agencies.³ A temporary advance of French francs to Indochina and an expenditure of sterling to buy far-eastern currencies for United States programs in that area. Excludes temporary advances to MDAP and USIS.⁴ Aid furnished from European program funds.

Near East

Counterpart for programs financed under the Economic Cooperation Act in the title II area are found in Jordan and in Israel.

Jordan: As of February 29, 1952, there was due the equivalent of \$1,253,085, of which none had been deposited and none utilized.
Israel: As of February 29, 1952, the equivalent of \$140,000 was due and deposited.

Far East

Deposits and utilization of counterpart in the Far East are shown in the following tables:

TABLE IV.—Status of Far East local currency counterpart funds, cumulative, June 5, 1950–Nov. 30, 1951

[Dollar equivalents of the local currencies, in thousands of dollars]

Item	Total	Burma	China (Formosa) ¹	Indochina, Associated States	Philippines	Thailand
Total deposits ²	74,424	2,492	54,631	10,383	6,218	700
Transferred for United States use.....	1,893	213	1,036	—	299	345
Available for country use.....	72,531	2,279	53,595	10,383	5,919	355
Total approved for withdrawal.....	41,827	514	27,302	³ 11,156	2,668	187
Agriculture, forestry, and fisheries.....	11,183	12	7,520	1,250	2,329	72
Joint Commission on Rural Reconstruction.....	12,950	—	12,950	—	—	—
Transportation, power, and other public works.....	6,817	115	1,846	4,846	—	10
Military construction and material.....	3,599	—	3,599	—	—	—
Public health.....	3,115	192	10	2,873	—	40
Public administration.....	1,603	—	534	883	186	—
Emergency relief.....	772	—	15	604	153	—
General engineering.....	708	—	707	1	—	—
Education.....	623	47	110	415	—	51
Handicraft, manufactures, mining, and other industry.....	303	—	11	284	—	8
Technical assistance and other.....	154	148	—	—	—	6

¹ Excludes mainland deposits and proceeds of sales of goods safe havened at Hong Kong.

² Adjusted dollar equivalents of deposits.

³ Approvals exceed deposits and are subject to later availability of funds.

NOTE.—In addition to the amounts shown in this table, Indonesia had deposited the equivalent of \$1,500,000 which was the amount due on Dec. 31, 1951. None has been spent.

TABLE V.—Status of Far East local currency counterpart funds for United States use, cumulative, June 5, 1950–Nov. 30, 1951

[Dollar equivalents of the local currencies, in thousands of dollars]

Purpose	Country						
	Total	Burma	China (Formosa)	Indochina, Associated States	Indonesian Republic ¹	Philippines	Thailand
Total obligations ²	2,947	381	(³)	1,051	573	516	426
Administration.....	2,622	377	(³)	827	552	477	389
Information and other.....	325	4	(³)	224	21	39	37

¹ From ERP aid furnished while part of the Netherlands. Excludes the equivalent of \$3,173 thousand expended for strategic materials.

² Includes the equivalent of \$1,995 thousand transferred from local currency deposits under ERP.

³ Not available.

Mutual defense assistance program

The status of local currency deposits under the Mutual Defense Assistance Act is shown in the following table:

TABLE VI.—Status of mutual defense assistance program local currency (dollar equivalent), from inception of program through Dec. 31, 1951

Country	Deposits	Obligations				Unobligated balance as of Dec. 31, 1951	Country	Deposits	Obligations				Unobligated balance as of Dec. 31, 1951
		Other	Defense	State	Total				Other	Defense	State	Total	
United Kingdom:							Norway:						
Fiscal year 1950.....				\$231,066	\$231,066		Fiscal year 1950.....	\$224,947		\$7,770	\$68,950	\$76,720	
Fiscal year 1951.....	\$2,222,859		\$554,497	700,922	1,255,419		Fiscal year 1951.....	210,231	\$483	172,394	92,538	265,415	
July–December 1951.....	308,815		309,819	339,088	648,907		July–December 1951.....	318,851		88,305	49,124	137,429	
Total.....	2,531,674		864,316	1,271,076	2,135,392	\$396,282	Total.....	754,029	483	268,469	210,612	479,564	\$274,465
France:							Belgium:						
Fiscal year 1950.....	262,091		46,019	167,243	213,262		Fiscal year 1950.....	335,000		19,660	95,073	114,733	
Fiscal year 1951.....	1,169,375		403,670	351,087	754,757		Fiscal year 1951.....	591,722	100,000	324,377	155,580	579,957	
July–December 1951.....	789,539		244,526	245,159	489,685		July–December 1951.....	210,440		163,937	79,316	243,253	
Total.....	2,221,005		694,215	763,489	1,457,704	763,301	Total.....	1,047,162	100,000	507,974	329,969	937,943	109,219
Italy:							Netherlands:						
Fiscal year 1950.....	160,000		20,823	125,378	146,201		Fiscal year 1950.....	277,632		6,847	89,886	96,733	
Fiscal year 1951.....	743,041		295,297	176,649	471,946		Fiscal year 1951.....	249,342	1,351	105,655	85,373	192,379	
July–December 1951.....	451,675		150,381	90,331	240,712		July–December 1951.....	249,211		106,541	43,310	149,851	
Total.....	1,354,716		466,501	392,358	858,859	495,857	Total.....	776,185	1,351	219,043	218,569	438,963	337,222
Denmark:							Portugal:						
Fiscal year 1950.....	166,280		15,830	67,060	82,890		Fiscal year 1950.....						
Fiscal year 1951.....	210,355	\$852	143,200	84,976	229,028		Fiscal year 1951.....	184,429		13,218	100,223	113,441	
July–December 1951.....	133,913		64,337	43,081	107,418		July–December 1951.....	160,804		65,397	61,963	127,380	
Total.....	510,548	852	223,367	195,117	419,336	91,212	Total.....	345,233		78,615	162,206	240,821	104,412

TABLE VI.—Status of mutual defense assistance program local currency (dollar equivalent), from inception of program through Dec. 31, 1951—Continued

Country	Deposits	Obligations				Unobligated balance as of Dec. 31, 1951	Country	Deposits	Obligations				Unobligated balance as of Dec. 31, 1951
		Other	Defense	State	Total				Other	Defense	State	Total	
Yugoslavia:							Indonesia:						
Fiscal year 1950.....							Fiscal year 1950.....						
Fiscal year 1951.....	\$65,000			\$63,835	\$63,835		Fiscal year 1951.....	\$50,000			\$2,389	\$2,389	
July-December 1951.....	28,000			43,931	43,931		July-December 1951.....		\$7,493		2,095	9,588	
Total.....	93,000			107,766	107,766	\$14,766	Total.....	50,000	7,493		4,484	11,977	\$38,023
Philippines:							Indochina:						
Fiscal year 1950.....							Fiscal year 1950.....						
Fiscal year 1951.....	9,000		\$9,000		9,000		Fiscal year 1951.....	231,162	63,963		91,126	160,089	
July-December 1951.....	25,500						July-December 1951.....	634,773	216,148		73,110	239,258	
Total.....	34,500		9,000		9,000	25,500	Total.....	865,935	285,111		164,236	449,347	416,588
Thailand:							Grand total.....	10,775,616	\$102,686	3,697,931	3,874,727	7,675,344	3,100,272
Fiscal year 1950.....													
Fiscal year 1951.....	76,555			25,060	25,060								
July-December 1951.....	115,074		73,827	29,785	103,612								
Total.....	191,629		73,827	54,845	128,672	62,957							

¹ Transfer in process to cover over obligation. Expenditures availability not exceeded.

Prepared by Comptroller, Office of Director for Mutual Security, Feb. 18, 1952.

The balances of counterpart funds generated under authority of Public Laws 389 and 84

The following table gives by country the balances of counterpart funds generated under Public Laws 389 and 84, for the release and utilization of which ECA/MSA approval was (or is) required:

Country	Local currency	Dollar equivalents
		Millions
France.....	69 billion francs.....	312.6
Italy.....	106 billion lire.....	173.4
Austria.....	1,159 million schillings.....	112.1
Greece.....	269 million drachmas.....	(¹)
Trieste.....	190 million lire.....	.3
Total.....		598.4

¹ Less than \$50,000.

Of this amount, the withdrawal of the equivalent of \$564,400,000 had been approved by ECA as of November 30, 1951, for purposes given in the following table:

Purpose and amount approved for withdrawal

Purpose	Dollar equivalents
	Millions
Debt retirement.....	72.5
Promotion of production.....	477.0
Agriculture.....	35.9
Coal mining.....	34.1
Manufacturing.....	21.4
Electric, gas, and power facilities.....	169.4
Railroads.....	129.6
Merchant and fishing fleet.....	29.6
Other transportation.....	11.2
Technical assistance.....	4.0
Undistributed.....	41.8
Other purposes.....	14.9
Housing.....	5.9
Public buildings.....	4.4
Special relief projects.....	2.3
Tourism.....	2.1
Undistributed.....	.2
Total.....	564.4

This leaves a remainder after withdrawals of \$34,000,000, the status of which is as follows:

Country	Status	Dollar equivalents
		Millions
Italy.....	Active balance remaining counterpart account under Public Laws 84 and 389.....	30.4
Austria.....	Transferred to counterpart account under Public Law 472.....	3.3
Trieste.....	do.....	.3
Greece.....	do.....	(¹)
France.....	All withdrawn.....	

¹ Less than \$50,000.

Data available for Italy indicate that as of January 31, 1952, the balance available for further permanent programs was about \$9,000,000 (dollar equivalent), of which about \$7,000,000 were temporarily employed for loans and advances, largely under a shipping credit program, leaving only about \$2,000,000 unprogrammed.

SECTION 519 OF THE MUTUAL SECURITY ACT OF 1951

Subsection (a) of this section authorized the use of \$10,000,000 of section 203 (economic assistance to the Near East) funds and \$25,000,000 of section 302 (economic assistance to Asia and the Pacific) funds for advances to countries for equivalent amounts of local currencies. No advances have yet been made under this authority, although a request has been received to use \$3,000,000 to purchase Iranian currency for the TCA. The Mutual Security Agency desires that the authority provided in this subsection be kept available.

Subsection (b) of this section authorizes the use of \$50,000,000 to acquire local currency for increasing the production of deficiency materials. No use has been made of this authority as yet, but arrangements are being discussed for using this authority in at least one case.

SECTION 523 (E) OF THE MUTUAL SECURITY ACT REQUIRING THE USE OF COUNTERPART FOR MILITARY PURPOSES

The following report has been submitted by the Mutual Security Agency:

"Section 523 of the Mutual Security Act of 1951 amends the provisions of the Eco-

nomic Cooperation Act of 1948 to permit the use of counterpart funds for military production, construction, equipment, and matériel. The act directed that 'the Administrator shall exercise the power granted to him by this section to make agreements with respect to the use of funds deposited in the special accounts of "participating countries" * * * and in other countries receiving assistance under the Mutual Defense Assistance Act of 1949, as amended, in such a manner that the equivalent of not less than \$500,000,000 of such funds shall be used exclusively for military production, construction, equipment, and matériel in such countries. The amount to be devoted from each such special account for such use shall be agreed upon by the Administrator and the country or countries concerned.'

"Negotiations for the use of counterpart funds for military purposes were initiated with the various participating countries almost immediately after enactment of the Mutual Security Act in October 1951. As of January 31, 1952, MSA had approved programs for military use of counterpart funds totaling the equivalent of over \$236,000,000. Agreements under consideration or made, but for which programs have not been completed, indicate that a total of far more than \$500,000,000 in counterpart funds would be earmarked for use in military construction, production, equipment, and matériel from the funds deposited in the special accounts.

"The following table shows the countries and the amounts of counterpart funds approved for program use for these purposes to date:

Country	Local currency	Dollar equivalents
		Millions
France.....	40 billion francs.....	114.3
Turkey.....	169 million lire.....	60.3
The Netherlands.....	175 million guilders.....	46.0
Cibina (Formosa).....	162 million new Taiwan dollars.....	15.7
Total.....		236.3

"In France all of the 40 billion francs had been withdrawn from the special account as of January 31, with the bulk of the funds earmarked to finance major matériel procurement and production and the balance for defense construction. In Turkey over half of 169 million liras had been withdrawn through January, principally to finance military production and procurement. In the Netherlands 100 million of the 175 million guilders released had been withdrawn as of January 31 to finance major matériel procurement and production. In China (Formosa) the counterpart funds were programmed for a variety of military purposes, with a little more than half of the funds released withdrawn as of the end of January.

"The negotiation of agreements and establishment of programs for other countries are in an advanced stage; for example, agreement has been reached with the United Kingdom to utilize for defense purposes \$252,000,000 in counterpart that will accrue against assistance furnished during the fiscal year."

Further legislation will be required to increase the mandatory minimum amount of counterpart directed to military production under this section above the total of \$500,000,000. No provision is made for this in H. R. 7005, as introduced.

RECOMMENDATIONS OF GERMAN STUDY MISSION AS TO USE OF COUNTERPART

The special study mission to Germany of the Committee on Foreign Affairs included in its report, issued February 8, 1952, the following recommendations as to the use of counterpart:

"A substantial amount of ECA and MSA counterpart funds in Germany has been turned over to German banks to be loaned to industries for development purposes. As such loans are repaid, they are reloaned, but the United States no longer retains the further right to participate in the disposition of these funds. The subcommittee recommends that a comprehensive survey of United States policy toward the use of counterpart be undertaken to include consideration of an amendment to the Mutual Security Act to require continuous participation of determining the use of counterpart funds.

"The subcommittee recommends study of the possibility of more extensive use of counterpart funds to provide buildings for United States missions abroad and the housing of their staffs."

The following statements regarding these recommendations have been submitted by the Mutual Security Agency:

"PARTICIPATION OF THE UNITED STATES IN THE DISPOSITION OF FUNDS ARISING FROM THE REPAYMENTS OF LOANS MADE FROM COUNTERPART FUNDS"

"The arrangements for the review and control of the withdrawal and expenditure of counterpart funds reflect the objectives of ECA and MSA and the particular circumstances in the country involved. Initial release of counterpart funds are subject to detailed review in terms of the particular grants and loans made. The further disposition of funds arising from the repayment of loans is usually limited to general review and general arrangements in the making of which ECA and MSA participate. In one or two exceptional cases detailed supervision by ECA and MSA of releases from repaid loans is either provided for or being discussed.

"For illustration, the situation in several of the countries in which counterpart funds are released on a loan basis can be considered. The countries in which there are releases on a loan basis are Germany, Austria, Italy, Trieste, Turkey, Portugal, and France.

"In Germany, counterpart funds generated by United States aid are channeled into three accounts: (a) 5 percent is allocated to the

use of the Government of the United States of America for its expenditures in the Federal Republic of Germany, including expenditures for procuring and stimulating increased production of materials which are required by the United States * * *; (b) 25 percent is allocated to the GARIOA account to be available for meeting the responsibilities of the United States in the occupation of Germany; and (c), the balance, 70 percent is available for investment programs directed at developing the industrial and agricultural capacity of the Federal Republic and Berlin.

"The funds in the 70-percent account have been released through four banking institutions: (1) Reconstruction Loan Corporation, (2) Refugee Bank, (3) Agricultural Credit Bank and (4) Industry Bank of Berlin. Except for grants made for a limited number of special projects, principally in the agricultural field, the funds have been made available by these institutions in the form of loans. Initial releases are subject to detailed, specific review in terms of individual projects. Loans made from repayments are subject to the general review which is continuously being made of economic, financial, and investment policies, but are not subject to specific individual review. Furthermore, all of the lending institutions, with the exception of the Industry Bank of Berlin, were established largely at the urging of United States authorities in Germany, and primarily to insure that counterpart would continue to be available for purposes in which the United States has a particular interest, even though detailed supervision of loans by the United States was not provided after the first transaction.

"The special purposes for which loans can be made are defined in the charters of the institutions themselves. The Reconstruction Loan Corporation, the largest of the three, was established to provide long-term credit to old establishments which as a result of the war require credit to rebuild their capacity, and to new establishments requiring credit to begin operation. The Refugee Bank makes credit available only to refugees attempting to establish themselves in Western Germany, and the Agricultural Credit Bank limits its activities to the encouragement of increased agricultural production.

"As soon as repayments of loans are made to these institutions, the money is reloaned. The bulk of the funds, however, are loaned on a long-term basis, and major opportunities for reprogramming are not expected to arise for some time.

"In most of the countries in which counterpart funds are released in the form of loans, the arrangements are roughly similar to those in Germany. In Italy, for example, there is a home-development fund established by the Italian Government on the advice of ECA, and a small-industries-loan fund, southern industries and agricultural loan fund, etc., through which counterpart funds are loaned in accordance with the general objectives and criteria of ECA. (There is also a machinery and equipment loan fund, which lends money to finance ERP machinery imports. Repayments on these loans are being held in a special account pending agreement as to their disposition.) In Turkey there is an industrial development bank, established on advice of the World Bank and ECA, through which part of the counterpart loans are made. In Portugal there is a national development fund created in 1949 performing similar functions.

"In Greece, because of exceptional economic circumstances, provision for supervision beyond postinitial releases has been provided. For similar reasons, it is being discussed with the Government in Austria.

"It is felt that the types of arrangements illustrated in the foregoing examples are the

ones which best promote the interests of the United States. Having regard to the limited life of the foreign-aid program, it is generally wiser to promote and establish general arrangements which will tend to insure that the funds are handled in a manner most consonant with United States objectives even after the opportunities for detailed United States supervision are not present, than to project detailed supervision into the indefinite future. The general review of the loans from repayments included in the overall economic and financial review will of course continue as long as the program does. A large part of the funds are loaned on a long-term basis so that major occasions for large-scale detailed supervision will not arise for some time. The attempt to project detailed supervision of such an important sector of the European economy far into the future would probably create opposition on the part of the countries involved, the disadvantages of which would outweigh the possible gains. In those cases, for example, Greece and Austria, in which for special reasons continuing supervision is deemed desirable, it has either been provided or is being discussed.

"THE USE OF COUNTERPART FUNDS TO PROVIDE BUILDINGS AND HOUSING FOR UNITED STATES MISSIONS ABROAD"

"ECA/MSA has consistently in the past and will in the future use counterpart to provide buildings for its missions abroad where the Department of State has been unable to provide space. Unless the minimum requirements cannot be met by leasing, ECA/MSA has not purchased or constructed any offices or housing; this has resulted from the premise that ECA/MSA is a temporary agency with a termination date provided by law and should not, therefore, commit the Government to office or residential space for a period exceeding ECA/MSA operation unless required by absolute necessity to do so.

"Under section 521 of the Mutual Security Act of 1951, 5 percent counterpart is made available to any agency of the Government for its administrative and operating expenses in carrying out the purposes of the Mutual Security Act. An example of an agency which has such expenses is the Department of Defense and, although this Department uses first the local currency available to it under the MDAP program, presumably in some areas 5 percent counterpart could be made available to the Defense Department to house its missions and the staff thereof carrying out mutual security functions.

"With regard to the use of counterpart to provide buildings for United States missions abroad not concerned with carrying out the Mutual Security Act, such use is dependent upon the authority of the agency concerned. An example of such authority is that available to the Department of State for carrying out its responsibilities in Germany and Austria. Under this authority any 5 percent excess to MSP's needs can be made available to the Department of State, and quite possibly some of these funds could be used by it for office and residential space.

"Five percent counterpart has, as a matter of law, other charges on it in addition to that of defraying administrative and operating expenses of agencies carrying out the Mutual Security Program. Examples of these charges are the acquisition of materials in which the United States is deficient, the local currency requirements of the appropriate committees of Congress, and the informational uses directed by section 115 (j) of the Economic Cooperation Act of 1948, as amended.

"After the requirements outlined above are satisfied, any local currency remaining above foreseeable needs is turned over to the United

States Treasury. Agencies may withdraw these funds as authorized by law. No doubt the committee members are aware that under current legislation the Division of Foreign Building Operations of the Department of State is charged with the initial responsibility of securing the necessary housing for the United States Government abroad and the Congress annually provides the Division of Foreign Building Operations with funds for this purpose, including authority to use local currencies held by the United States Treasury within prescribed dollar-equivalent limitations."

UNITED STATES PURCHASES OF LOCAL CURRENCIES IN FOREIGN COUNTRIES

In addition to the local currencies made available to the United States under the various acts enumerated above, the United States spends dollars in foreign countries to buy local currencies to meet expenses which it incurs there. Such local currency purchasers are not regularly summarized but, at the request of the chairman of the Committee on Foreign Affairs, the Department of Commerce undertook a compilation of these expenditures.

This compilation covered only the 6-month period July-December 1951 since data were not readily available for earlier months. A summary of the total expenditures by areas follows:

Europe.....	\$126,522,616
Near East and Africa.....	3,543,397
Asia and Pacific.....	62,121,391
American Republics.....	7,654,372
Total.....	199,841,776

Of this total the Defense Department spent a total of \$155,770,963, leaving a balance of \$44,070,813 spent by the Treasury and State Departments which might be regarded as representing purchases for United States operating expenses abroad as distinct from defense expenditures.

A breakdown of defense expenditures by countries cannot be given for security reasons. The following table, however, gives a comparison of amounts of local currencies available to the United States in the countries of Europe for paying operating expenses including counterpart and dollar purchases of currencies. Defense Department purchases of local currencies are omitted.

TABLE VII.—Comparison of counterpart deposits in European countries and United States purchases of local currencies (6-month period, July-December 1951)

Country	Deposits under Economic Cooperation Act (5 months only)	Under Mutual Defense Assistance Program agreements	United States purchases of local currencies other than by Defense Department
Austria.....	\$583,000	None	\$732,067
Belgium-Luxemburg.....	576,000	\$210,440	783,953
Denmark.....	1,042,000	133,913	240,517
France.....	9,104,000	789,539	7,158,681
Germany.....	9,492,000	None	1,604,326
Greece.....	5,141,000	None	762,094
Iceland.....	330,000	None	13,779
Italy.....	6,099,000	451,675	5,000,833
Netherlands.....	2,972,000	249,211	357,540
Norway.....	873,000	318,951	210,267
Portugal.....	185,000	160,804	2,795,512
Trieste.....	219,000	None	28,450
Turkey.....	840,000	None	1,022,752
United Kingdom.....	1,998,000	308,815	1,589,006
Yugoslavia.....	1,323,000	28,000	196,406
Total.....	40,777,000	2,651,348	22,496,183

CONCLUSIONS

A review of the legislation providing for local currency deposits and of United States

administration of such currencies indicates the following:

1. The executive branch appears to accept the principle for the countries where it has discretion in this matter that in the case of goods or services supplied on a grant basis which are sold in the recipient country, counterpart of commensurate value should be required. The Mutual Defense Assistance Act and the Act for International Development do not require this, however. And although the China Area Aid Act is at present interpreted as requiring such a policy, the executive branch apparently could regard this portion of the Economic Cooperation Act as not "applicable" at its discretion.

2. The principle that the local currency operating costs incurred by the United States should be paid by the recipient country is generally accepted, but it is not required by law. The economic aid bilateral agreements make 5 percent of the counterpart available for this purpose. In some cases amounts in excess of 5 percent have been required from the Belgian and Portuguese counterpart accounts.

3. At present with local currencies being acquired in a single country in several different ways, kept in different accounts and controlled under different acts, there is a certain amount of administrative overlap. In Israel, for example, there is a counterpart account set up by TCA under the terms of the Economic Cooperation Act, a TCA local currency account, a counterpart account under section 205 of the Mutual Security Act (refugees coming into Israel), and the United States also buys local currency there for dollars.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from South Dakota [Mr. CASE].

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment and third reading of the bill.

Mr. CONNALLY. Mr. President, I move that the Senate proceed to the consideration of House bill 7005, Calendar 1525.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes.

Mr. CONNALLY. Mr. President, I move that the House bill be amended by striking out all after the enacting clause and inserting in lieu thereof the Senate bill, as amended.

The motion was agreed to.

The amendment was ordered to be engrossed and the bill to be read the third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is on the final passage of the bill.

Mr. CONNALLY and other Senators requested the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Nevada [Mr. McCARRAN] are absent on official business.

The Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma

[Mr. KERR], the Senator from Washington [Mr. MAGNUSON], and the Senator from Arkansas [Mr. McCLELLAN] are absent by leave of the Senate.

The Senator from Connecticut [Mr. McMAHON] is absent because of illness.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a delegate from the United States to the International Labor Organization Conference, which is to meet in Geneva, Switzerland.

I announce further that if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], the Senator from Nevada [Mr. McCARRAN], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Connecticut [Mr. McMAHON], and the Senator from Montana [Mr. MURRAY] would each vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN], and the Senator from California [Mr. KNOWLAND] are absent by leave of the Senate.

The Senator from Pennsylvania [Mr. DUFF] and the Senator from Nebraska [Mr. SEATON] are necessarily absent.

The Senator from Montana [Mr. ECTON] and the Senator from North Dakota [Mr. LANGER] are absent on official business.

The Senator from Vermont [Mr. FLANDERS] and the Senator from Wisconsin [Mr. WILEY] are absent by leave of the Senate for the purpose of attending the Conference of the International Council for Christian Leadership at The Hague.

The Senator from Ohio [Mr. BRICKER], the Senator from Kansas [Mr. CARLSON], the Senator from Indiana [Mr. JENNER], and the Senator from New Hampshire [Mr. TOBEY] are detained on official business.

If present and voting, the Senator from Pennsylvania [Mr. DUFF], the Senator from Vermont [Mr. FLANDERS], the Senator from California [Mr. KNOWLAND], and the Senator from Wisconsin [Mr. WILEY] would each vote "yea."

On this vote, the Senator from Washington [Mr. CAIN] is paired with the Senator from Ohio [Mr. BRICKER]. If present and voting, the Senator from Washington would vote "yea" and the Senator from Ohio would vote "nay."

The result was announced—yeas 64, nays 10, as follows:

YEAS—64

Aiken	Fulbright	Kem
Anderson	George	Kilgore
Bennett	Green	Lehman
Benton	Hayden	Lodge
Brewster	Hendrickson	Long
Bridges	Hennings	Martin
Butler, Md.	Hickenlooper	Maybank
Case	Hill	McCarthy
Clements	Hoey	McFarland
Connally	Holland	McKellar
Douglas	Humphrey	Millikin
Eastland	Hunt	Monroney
Ellender	Ives	Moody
Ferguson	Johnson, Colo.	Morse
Frear	Johnson, Tex.	Mundt

Neely	Saltonstall	Taft
Nixon	Smathers	Thye
O'Connor	Smith, Maine	Underwood
O'Mahoney	Smith, N. J.	Watkins
Pastore	Smith, N. C.	Williams
Robertson	Sparkman	
Russell	Stennis	

NAYS—10

Butler, Nebr.	Dworshak	Welker
Capehart	Johnston, S. C.	Young
Cordon	Malone	
Dirksen	Schoeppel	

NOT VOTING—22

Bricker	Gillette	McClellan
Byrd	Jenner	McMahon
Cain	Kefauver	Murray
Carlson	Kerr	Seaton
Chavez	Knowland	Tobey
Duff	Langer	Wiley
Ecton	Magnuson	
Flanders	McCarran	

So the bill (H. R. 7005) was passed.

The VICE PRESIDENT. Without objection, Senate bill 3086 will be indefinitely postponed.

Mr. CONNALLY. Mr. President, I move that the House bill be printed together with the amendment which has been adopted by the Senate.

The VICE PRESIDENT. Without objection, it is so ordered.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950 AND THE HOUSING AND RENT ACT OF 1947

Mr. McFARLAND. Mr. President, I move that the Senate proceed to the consideration of Senate bill 2594, Calendar 1529, extending the provisions of the Defense Production Act of 1950, and so forth.

The VICE PRESIDENT. The bill will be read by title.

The CHIEF CLERK. A bill (S. 2594) to extend the provisions of the Defense Production Act of 1950, as amended, and the Housing and Rent Act of 1947, as amended.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Arizona.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2594), which had been reported from the Committee on Banking and Currency with an amendment.

LEGISLATIVE PROGRAM

Mr. McFARLAND. Mr. President, previously I gave notice that the Senate would meet at 10 o'clock tomorrow morning because there would not be a Friday session.

Many Senators have asked me from time to time whether Congress will be able to conclude its work before the national conventions convene. We are endeavoring to make a drive to ascertain whether that will be possible. If we are going to try to do that, now is the time to proceed to do so.

Yesterday I gave notice that today we would take up Senate bill 2968, Calendar 1408, a bill which would amend section 8 of the Civil Service Retirement Act of May 29, 1930, as amended. However, the hour now is late, and it is felt that there is not sufficient time to take up that bill today. I now give notice that on any

day when there is available time, that bill will be considered. It will take only a few moments to dispose of it.

Another bill on the program is Senate bill 3019, Calendar No. 1430, a bill which would amend the Career Compensation Act of 1949, as amended, in order to extend the application of the special-inducement pay provided thereby to doctors and dentists, and for other purposes. I give notice now that we shall take up that bill on any day when we have time to do so.

Of course, Senators who are in opposition will be notified so as to give them an opportunity to be present.

Mr. O'MAHONEY. Mr. President, will the Senator from Arizona yield to me?

Mr. McFARLAND. I yield.

Mr. O'MAHONEY. In view of the fact that the Senator from Arizona is making announcements for the guidance of the Senate, I should like to add that a general supposition is abroad in the Senate Chamber that a veto message will be received, probably tomorrow afternoon, of the submerged lands bill. My understanding is that the 10-day period following the submission of the bill to the White House will not expire until Friday; but I assume that in all probability the veto will come, if it does come, on tomorrow afternoon.

That being the case, I wish all Members of the Senate to know that I shall not attempt to have the veto message called up for consideration until after conferences are had with the Senator from Florida [Mr. HOLLAND], so that opportunity will be afforded every Senator who is interested in that measure to be present and to have an opportunity to vote on the question of overriding or sustaining the veto.

I have no reason to believe that the bill can be passed over a veto. Therefore, Mr. President, I should like to say that in the event the veto is sustained, it will be my purpose to seek to have the Committee on Interior and Insular Affairs once more report to the Senate the so-called interim bill which the committee formerly reported, and which I and many other Senators feel will be a settlement of the issue, to the extent that the production of oil may be undertaken.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield, indeed, to the Senator from new Hampshire.

The VICE PRESIDENT. The Senator from Arizona has the floor.

Mr. McFARLAND. Mr. President, I desire to make one more announcement, following which I shall yield the floor, so that Senators may ask questions of the distinguished Senator from Wyoming.

Several days ago I gave notice of our intention to meet at 10 o'clock on Thursday. I requested that no committee meetings be scheduled for that day. I hope no committees will ask permission to sit during the session of the Senate tomorrow, because, if they do, I shall be forced to object. The defense production bill is important, and I hope we may make definite progress with it tomorrow.

Mr. CASE. Mr. President, will the Senator from Wyoming yield for a question?

Mr. O'MAHONEY. I am very glad to yield to the Senator from South Dakota.

Mr. CASE. The Senator from South Dakota is expected to make two addresses in South Dakota on Memorial Day, and another address on Sunday, in connection with the dedication of the Crippled Children's Hospital. I should like to be in the Senate for the vote on the question of the veto.

Mr. O'MAHONEY. I have stated to several Senators who have spoken to me about it that I would make no attempt to have a vote before the 5th of June. I have so stated to the Senator from Florida [Mr. HOLLAND].

Mr. CONNALLY. Does the Senator refer to the vote on the veto?

Mr. O'MAHONEY. Yes; to the vote on the veto.

Mr. CASE. June 5 will give me ample time. I thank the Senator.

PURCHASE BY RFC OF BOLIVIA'S STOCKPILE OF TIN

Mr. MORSE. Mr. President, my attention has just been called to a bit of news from the ticker in regard to the international tin situation, which reads as follows:

WASHINGTON.—The RFC said today it has bought the bulk of Bolivia's stockpile of tin for \$1.21½ a pound, a price the Bolivian producers previously had turned down.

This is the same price the United States is paying other major tin producing nations and the same one the United States was about to offer Bolivia in negotiations that were broken off by the April 9 revolution.

I desire to make a few brief comments regarding this important news item, because it has been my observation that the very good job of economy that is done by congressional committees seldom receives very much attention in the press; but that rather, the press devotes attention to the kind of conflict over economy that often develops on the floor of the House and on the floor of the Senate after committees have done a very good job with their committee work in economizing, on the basis of what a carefully prepared record will show is justified by the evidence.

In regard to the economy represented by the news of the action which has been taken by the RFC on the Bolivian tin matter, I wish to say that when the subcommittee of the Armed Services Committee investigating the preparedness program, headed by the exceedingly able Senator from Texas [Mr. JOHNSON] started its work, one of the first problems with which we dealt was that of profiteering in tin on the part of those, both in this country and in foreign countries, who held a control of the world's tin supply.

It is my recollection that the going price of tin prior to the outbreak of the Korean war was in the neighborhood of 70 cents a pound. It was interesting to note, Mr. President, that immediately after the outbreak of the Korean war the profiteers, both in this country and

in foreign countries, went to work, and again we saw the very sad spectacle of economic forces willing to profiteer at the expense of blood lost on the battlefield. But, under the leadership of the Senator from Texas, our investigating committee took the position that we would not let our country be blackmailed into accepting the kind of profiteering that those who controlled the tin supply of the world were seeking to impose upon us.

Finally, after very careful investigation, the committee came to the conclusion that any price such as was being asked, in the neighborhood of \$2 or \$2.01 a pound, was simply an unconscionable case of an international holdup on the part of the countries asking it. As I recall, those controlling Bolivian tin were insisting upon \$2.01 a pound. But let me make it clear that this kind of hold-up was not limited to Bolivia. It became the position of our committee, and we so advised the RFC after we had submitted our unanimous report on the tin problem, that any price very much in excess of approximately \$1.20 simply could not be justified. And so it is a matter of great gratification to me, and I am sure, to the other members of the Johnson subcommittee, that the RFC today announces that it is negotiating for the purchase of the Bolivian tin for \$1.215 a pound. It is a demonstration, Mr. President, of what can be done if we agree upon a sound principle and then adhere to it. By the action taken by the Johnson subcommittee, and by the splendid cooperation we have received from RFC in regard to this matter, on this little item alone we have saved the American taxpayers in the neighborhood of \$400,000,000.

As a member of that subcommittee, Mr. President, let me say I know something about the pressure which was put not only upon members of the subcommittee, but also on the RFC to yield to the international holdup and blackmail attempt which was made in regard to the tin issue.

Mr. President, I congratulate—and I think congratulations are due—the RFC for the courage and the fearless devotion to what I think is sound principle which they have exhibited in regard to the tin problem. I congratulate the chairman of the subcommittee, the Senator from Texas [Mr. JOHNSON], because, had we not had a chairman with the courage and the fearlessness of the Senator from Texas, there would have been a yielding on this matter weeks and weeks ago.

It is always good when one is able to report to the American people something favorable in regard to action taken by a committee; and I would say to the public, if they want to know where the real economizing is being done in regard to the budgetary problems confronting the country, they should pay more attention to what is being done in the committees of the Congress. That is where the real economizing is taking place. We do not find in the committees the playing of politics with the economy issue, which is so frequently manifested on the floor of the Senate when a Senator, for political

purposes, offers a so-called economy amendment, although he knows that the evidence before the committee does not support his amendment. Yet he will get headlines in the press, and many people will be led to think that he really is proposing an economy, when, after all, a carefully considered hearing upon the matter has shown that the amendment will not promote economy.

The action I am reporting this afternoon, taken by the Johnson subcommittee and by the RFC, shows that men who are devoted to protecting the national economy on the basis of the evidence presented are the ones who really deserve credit for economizing for the American people.

Mr. MAYBANK. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. MAYBANK. I want to commend the distinguished Senator from Oregon for his remarks.

I should like to state at this time that the Senate of the United States requires the Banking and Currency Committee to report bills which it has before it. We are advised by the distinguished majority leader that our committee cannot meet at 10 o'clock in the morning, but I want the public to know that we shall meet at 9:30 o'clock in the morning to report the RFC bill and other proposals which are before the Banking and Currency Committee.

Mr. JOHNSON of Texas. Mr. President, before I suggest that the Senate proceed to the consideration of the Executive Calendar, I desire to express my thanks and deep gratitude to the able Senator from Oregon [Mr. MORSE] for his generous remarks concerning the work of the preparedness subcommittee. No Member of the Senate has made a greater contribution to the committee than has the Senator from Oregon. His attendance, his fine legal mind, his concern with the strength of the armed services, his insistence that proper procedures be followed to protect the rights of the servicemen, of the officers of the Defense Department, of the Congress, and of all the people, have resulted in the many fine contributions which have been made by the committee. One instance is the decision made by the RFC and the Bolivian Government which will result in saving millions of dollars of the taxpayers' money.

Mr. President, the committee has worked without regard to politics. It has left politics at the committee door. Of the almost 40 reports we have filed, each report has been filed with the unanimous approval of the members of the committee.

I am grateful for the cooperation we have received from the executive departments, and particularly from the RFC in regard to the subjects of rubber and tin.

I am particularly grateful to the Members of the minority for the time they have spent, for their willingness to work long and arduous hours, and for the contributions they have made to the servicemen and the taxpayers of the Nation.

Again, Mr. President, I express my profound thanks to the Senator from Oregon.

Mr. SCHOEPEL. Mr. President, will the Senator from Texas yield?

Mr. JOHNSON of Texas. I yield.

Mr. SCHOEPEL. Mr. President, I should like to say on behalf of the Preparedness Subcommittee and of its chairman, the junior Senator from Texas [Mr. JOHNSON], that I am sure all Members of the Senate, and especially those on the minority side, have appreciated the promptness and the thoroughness with which reports have come from the subcommittee which the distinguished Senator from Texas heads. I know the words of commendation expressed by the Senator from Oregon [Mr. MORSE] reflect the attitude of all Members of the Senate. I think the committee has rendered very fine service in dealing with many matters which are so important in these days.

Mr. JOHNSON of Texas. I thank the acting minority leader.

PAY OF POSTAL EMPLOYEES

Mr. McKELLAR. Mr. President, postal employees have been notified that they will not be paid because there is no money available.

Democrats and Republicans were present today in large numbers in the meeting of the Appropriations Committee, and have considered a House resolution which authorizes the payment of postal employees until the third supplemental appropriations bill is agreed to, or until the 16th of June. I think every member of the committee, and I know every Member of the Senate, wants these employees to be paid. The matter is safeguarded in every way possible.

Mr. FERGUSON. Mr. President, will the Senator from Tennessee yield?

Mr. McKELLAR. I yield to the Senator from Michigan.

Mr. FERGUSON. Is it not true that the distinguished chairman and the committee have been trying to get a conference with the House on the third supplemental appropriation bill?

Mr. McKELLAR. We have tried time and again, but we have been unable to succeed, and it is necessary that the postal employees be paid, and that the money be provided to pay them.

Mr. President, I ask unanimous consent for the present consideration of House Joint Resolution 426.

The VICE PRESIDENT. The Senator from Tennessee asks unanimous consent that, without disturbing the status of the unfinished business, the Senate act on the joint resolution to which he has referred. The clerk will state the joint resolution by title.

The LEGISLATIVE CLERK. A joint resolution (H. J. Res. 426) making temporary appropriations for the fiscal year 1952, and for other purposes.

The VICE PRESIDENT. Is there objection to the consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which had been reported from the Committee on Appropriations with amendments.

The VICE PRESIDENT. The clerk will state the amendments of the Committee on Appropriations.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 2, 1952

For actions of May 29, 1952

82nd-2nd, No. 93

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate debated defense production bill. Senate passed appropriation measure for USDA flood rehabilitation. Ready for President. Senate committee reported agricultural appropriation bill.

SENATE

- 1. AGRICULTURAL APPROPRIATION BILL, 1953.** The Appropriations Committee reported with amendments this bill, H. R. 7314 (S. Rept. 1619) (p. 6294).
At the end of this Digest are (1) a table showing the 1952 appropriations, the 1953 budget estimates, the House figures, and the Senate committee figures; and (2) excerpts from the Senate committee report.
Agency budget officers have been furnished a copy of the portions of the bill relating to their agencies. Copies of the bill and report will be distributed directly from the loading platform in the South Building, as soon as received, pursuant to a distribution list that has already been worked out with the Department agencies. In general, copies should be obtained through the agency and bureau budget officers rather than from this office.
- 2. DEFENSE PRODUCTION.** Began debate on S. 2594, to extend and amend the Defense Production Act (pp. 6304-46, 6354-5, 6357-8). Rejected, 18-52, the Dirksen amendment to discontinue price-wage controls (pp. 6306-34). Sen. Aiken charged USDA "connivance" to reduce farm prices, particularly those on soybeans, pork, and potatoes (pp. 6310, 6316, 6320-5).
- 3. EMERGENCY APPROPRIATIONS.** Passed without amendment H. J. Res. 454, which provides \$20,000,000 for USDA flood rehabilitation (FIA and SCS) (p. 6346). This measure will now be sent to the President.
On May 28 the Senate passed with amendments H. J. Res. 426, making appropriations for pay costs, etc., available pending enactment of the third supplemental appropriation bill, which is tied up in conference because of a provision regarding the steel-plants seizure. However, the Senate inserted a provision into H. J. Res. 426, also, dealing with the steel seizure. (pp. 6290-1.) On May

29 the measure was referred to the House Appropriations Committee (p. 6357).

4. **TRANSPORTATION.** The Interstate and Foreign Commerce Committee reported with amendments S. 2357, to amend the agricultural exemption clause of the Interstate Commerce Act (S. Rept. 1615)(p. 6293).
5. **RECONSTRUCTION FINANCE CORPORATION.** The Banking and Currency Committee reported with amendments S. 515, making various amendments to facilitate and improve RFC operations (S. Rept. 1618)(p. 6294).
6. **TOBACCO.** The Agriculture and Forestry Committee reported with amendments H. R. 3554, to provide that the carry-over of Maryland tobacco for any marketing year shall be the quantity of such tobacco on hand in the U. S. on Jan. 1 of such marketing year (S. Rept. 1620)(p. 6294).
7. **ST. LAWRENCE WATERWAY.** Sen. Aiken spoke in favor of this proposed project (pp. 6301-2).
8. **RECLAMATION.** Sen. Watkins urged additional reclamation work in Utah and raised a question about the amount of money being spent by the U. S. for reclamation in foreign countries (pp. 6302-4).
9. **NOMINATION.** Confirmed the nomination of Allen V. Astin to be Director of the National Bureau of Standards (p. 6358).
10. **PRICE SUPPORTS.** It is understood that, on May 30, a subcommittee of the Agriculture and Forestry Committee voted to report to the full Committee S. 2115, to continue the existing method of computing parity prices for basic agricultural commodities for two additional years.
11. **ADJOURNED** until Mon., June 2 (p. 6358). **LEGISLATIVE PROGRAM**, as announced by the majority leader: Mon., calendar and road authorizations; Tues., independent offices appropriation bill; Mon. or Tues., increase in retirement annuities; Wed., defense production bill (pp. 6344, 6346).

HOUSE

12. **FOREIGN AID.** Disagreed to a Senate amendment on H. R. 7005, to amend the Mutual Security Act of 1951, and requested a conference, appointing as conferees Reps. Richards, Mansfield, Morgan, Chipfield, and Vorys (p. 6359).
13. **VETERANS' BENEFITS.** The Interior and Insular Affairs Committee ordered reported (but did not actually report) H. R. 7757, granting preference to disabled veterans in making homestead entry on public lands (p. D520).
Rep. Springer spoke in favor of his amendment to H. R. 7656, providing educational benefits for Korean veterans (pp. 6367-71).
14. **PERSONNEL RETIREMENT.** Rep. Murray stated that he was strongly opposed to any legislation at this time which would increase the retirement benefits or annuities of Federal employees since "the retirement fund is not now actuarially sound" (pp. 6360-1).
15. **FLOOD CONTROL.** Rep. Reed presented a petition of the Fraternal Order of Eagles, Dunkirk, N. Y., urging the creation of a governmental commission to study methods of combating floods (p. 6372).
16. **ADJOURNED** until Mon., June 2 (p. 6371). **LEGISLATIVE PROGRAM**, Mon., consent calendar, Korean GI bill; Tues., private calendar, cotton parity standards; remainder of week, undetermined (p. D521).

House of Representatives

THURSDAY, MAY 29, 1952

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who art man's infallible counselor, grant that our perplexing social, economic, and political problems, which we are daily struggling with, may make us more conscious of our need of Thee.

We penitently confess that we so frequently try to solve these problems without seeking Thy divine guidance, only to find that our plans and efforts terminate in futility and failure.

Help us to feel that our primary and most pressing responsibility is to lead our groping and troubled world back to God and to help build the kingdom of righteousness and peace upon this earth.

We pray that in all our proposals and programs for the well-being of our country, we may never forget that righteousness alone will exalt us and that blessed is that people whose God is the Lord.

Hear us in the name of the Christ. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill and a joint resolution of the House of the following titles:

H. R. 7005. An act to amend the Mutual Security Act of 1951, and for other purposes; and

H. J. Res. 426. Joint resolution making temporary appropriations for the fiscal year 1952, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 302) entitled "An act to amend section 32 (a) (2) of the Trading With the Enemy Act."

MUTUAL SECURITY ACT, 1951

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 7005, an act to amend the Mutual Security Act of 1951, and for other purposes, with Senate amendments, disagree to the amendments of the Senate, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Montana? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. RICHARDS, Mr. MANSFIELD,

Mr. MORGAN, Mr. CHIPERFIELD, and Mr. VORYS.

SPECIAL ORDER GRANTED

Mr. McCORMACK asked and was given permission to address the House for 45 minutes today, following the legislative program and any special orders heretofore entered.

THE SOCIAL SECURITY BILL

(Mr. BYRNES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BYRNES. Mr. Speaker, we meet today with no legislative business before the House. I assume we will adjourn without handling any legislative business as such. I point this out to show that the calendar of business for the House is apparently not overburdened. The majority leadership, therefore, cannot blame failure to bring up the bill H. R. 7800, the social-security bill, on pressure of other business.

Although the House refused to suspend the rules in order to pass this bill last week, the bill is still on the Union Calendar; it has not been defeated on its merits. Is there any reason why the Democratic leadership has not obtained a rule and brought this matter up for consideration on its merits? They have had almost two full weeks in which to do it.

Mr. Speaker, the only excuse for this failure is politics; they are playing cruel and petty politics with a bill in which 4,500,000 persons are directly interested.

Let it be remembered that a majority of this House has already gone on record in favor of the bill. The vote on May 19 was: ayes 150; nays 140. Under normal procedures a majority is all that is necessary to pass a bill.

H. R. 7800 should be brought up under the usual procedures, debated, amended if necessary, and passed by the House without further delay.

[Mr. RANKIN addressed the House. His remarks will appear hereafter in the Appendix.]

COMMUNIST EMBASSIES ARE CENTERS OF ESPIONAGE

(Mr. KERSTEN of Wisconsin asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KERSTEN of Wisconsin. Mr. Speaker, the use of a Communist Czech consular office in this country to hold sex perversion parties involving Americans in order to blackmail secret information from them as disclosed yesterday before the McCarran committee, should awaken the American people to

the danger of permitting any of the Communist diplomats in this country.

The embassies and consular offices of the Communist satellite countries as well as the Soviet Union, in Washington and elsewhere in this country are used primarily for espionage against the United States.

There are presently approximately 800 Communist nationals in the United States in the Soviet and satellite diplomatic services. The majority of these people are dangerous spies and are plotting to pervert the foreign policy of the United States, as well as the overthrow of our Government.

Stalin permits to come to this country only the most dangerous, experienced, and hardened members of the Communist apparatus. They seek only to undermine our country. Normal diplomacy cannot possibly be carried on between our State Department and these Communist diplomats any more than normal negotiations can be carried on with Communists in the truce talks in Korea.

I demand that action be taken on the resolutions that I have introduced calling for the severing of all diplomatic relations with the Communist countries on the basis that they do not represent the peoples of Poland, the Czechs or Slovaks and the other satellite countries, as well as of the Russian people. The present Communist governments are the enemies of the millions enslaved by them. The present maintenance of diplomatic relations with Communists actually increases the danger of all-out war. The present Communist regimes should be ostracized from world affairs in the interest of world peace.

SPECIAL ORDER GRANTED

Mr. BROOKS asked and was given permission to address the House for 15 minutes today, following any special orders heretofore entered.

CORRECTION OF ROLL CALL

Mr. WALTER. Mr. Speaker, on roll call No. 79, I am recorded as not having voted. I was present and voted "yea," and I ask unanimous consent that the Journal and Record be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

INVESTIGATION OF RADIO AND TELEVISION PROGRAMS

(Mr. HARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HARRIS. Mr. Speaker, pursuant to House Resolution 278, adopted a few days ago, the chairman of our Committee on Interstate and Foreign Commerce designated me as chairman of a special committee to conduct a study and investigation of radio and television programs. Other members appointed to the committee by the chairman are Mr. KLEIN, of New York; Mr. CARLYLE, of North Carolina; Mr. THORNBERRY, of Texas; Mr. O'HARA, of Minnesota; Mr. CHENOWETH, of Colorado; and Mr. DENNY, of Pennsylvania.

The committee is fully aware of the difficult assignment due to the controversial nature of such an undertaking. An unusual amount of interest has been manifested in this matter. It is believed by a great many that such an investigation could result in more desirable programs going into the homes of almost every family throughout the country. We realize there are difficult problems involved in this undertaking, but shall undertake to carry out our responsibilities as directed by the House. We hope that we can do a constructive job and will make every effort to approach this undertaking with that objective.

The subcommittee met in executive session yesterday and decided on a program and procedure.

The resolution directs this committee to make an investigation and study to "determine the extent to which the radio and television programs currently available to the people of the United States contain immoral or other offensive matter or place improper emphasis upon crime, violence and corruption."

As a policy, the committee in its meeting yesterday agreed that the investigation would be conducted within the terms of the resolution but not be broadened to cover other such matters that do not relate to programs of radio and television.

The committee decided as a matter of policy to obtain reaction and information from those who listen and observe television and radio programs. Criticism of any such programs will be in order and it will be the desire of the committee to receive suggestions on what would be considered higher type programs.

The question of films or canned programs will be a matter of consideration in view of their necessary part of radio and television.

The committee will hold its first public hearing on Tuesday, June 3, at which time the author of the resolution, the gentleman from Arkansas [Mr. GATHINGS], is invited to appear as a first witness. Other Members of Congress interested are hereby extended an invitation to give the committee the benefit of any information they may have or any suggestions in connection with this undertaking.

The hearings will continue June 4 and 5. Following the appearance of Members of Congress, representatives of civic clubs and organizations who desire to be heard will be given an opportunity to appear.

In connection with the subcommittee work, we will undertake the study of programing techniques, including the question of responsibility for and control over the content of radio and television programs on the part of broadcasting licensees.

We expect to receive such information as can be made available regarding complaints which the Federal Communications Commission may have in regard to such programs.

At the appropriate time, individual broadcasters and representatives of the broadcasting industry will be heard and given an opportunity to explain the conduct of the industry, their code of ethics, and such other information as relates to this investigation.

INVESTIGATION OF THE KOJE PRISON INCIDENT

(Mr. MANSFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MANSFIELD. Mr. Speaker, a little over 2 weeks ago I introduced a resolution directing the Committee on the Armed Services to carry out a full-scale investigation of the Kojé prison incident and to make a full and complete report to the Congress by July 1 of this year. I note on yesterday that one of the outstanding members of that committee has likewise requested that his committee conduct this investigation immediately. I refer, of course, to the statement made by our distinguished colleague, the gentleman from New York [Mr. CLEMENTE].

Since the introduction of my resolution a great deal has occurred on Kojé Island and in other parts of Korea which make it more than mandatory that the Congress know the full truth of the situation and also to investigate its inception in the past.

It is my hope that the Committee on Armed Services will very shortly conduct hearings in reference to this matter. If they do not, I intend to direct to that committee a resolution of inquiry which will make it mandatory for the Department of Defense to furnish the necessary information within a period of 7 days.

RETIREMENT LEGISLATION

(Mr. MURRAY asked and was given permission to extend his remarks at this point in the Record and include a statement he made before the Committee on Post Office and Civil Service on retirement legislation.)

Mr. MURRAY. Mr. Speaker, we are beginning the hearings on various bills which, by their terms, will provide general increases in the retirement of Federal employees. Some of these bills provide percentage increases combined with flat dollar increases. Others substitute new formulas for computing annuities while still a third group would completely rewrite the Retirement Act.

At the outset of the hearings, I wish to state my position frankly and plainly on all of the pending bills. I am strongly opposed to the enactment at

this time of any legislation which would increase the retirement benefits or annuities in any manner, shape or form since the retirement fund is not now actuarially sound. It is in the red nearly \$5,000,000,000 insofar as having sufficient funds to meet its obligations and liabilities is concerned. Even if we were just to consider amounts to those already retired which, based on their life expectancy, total \$2,016,051,658, and add to that the amount due present Federal employees, if they desired to withdraw their money in their individual retirement accounts, we would find that the funds credited to our Federal civil service retirement system could not meet these obligations. In fact, it would fail to do so by nearly \$150,000,000.

Any increase in the annuities of those already retired must be taken from the taxpayers or from the equities in the fund of those who will retire in the future. Those who are now retired have, in the great majority of cases, received in annuities already many times the amount of their contributions. To this particular group our Government has been most generous. In the first place, they have received full credit for their years of service prior to August 1, 1920 without having to make any contributions whatsoever to the retirement fund. Secondly, during the years in which they made contributions to the retirement fund, they paid 2½ percent to the fund for 6 years; they paid 3½ percent into the fund for 16 years; and 5 percent for 6 years. Only those retiring since 1948 have made any payments of 6 percent.

Meanwhile, these retired employees seek increases in retirement and survivors' annuities which are largely comparable to those which will be received by employees who will be contributing 6 percent of their annual salaries the entire length of their service with the Federal Government.

As an indication of what has been received by those already retired compared to their contributions to the fund, I have had developed the following statistics. According to a statement furnished me by the Civil Service Commission, the 166,000 annuitants on the rolls as of June 30, 1951, made total contributions of approximately \$240,000,000. The annuities paid these individuals already constitute approximately \$947,000,000. Based upon the estimated life expectancy of those presently on the rolls, there will be payments made to them of over \$2,186,000,000. In other words, these employees who have already retired will receive more than \$3,000,000,000 and their contributions amount to only \$240,000,000, a better than 12 to 1 return.

Everyone who is retired with a fixed income is faced with the same problem as the retired Federal employee. It would be unfair to take from taxpayers additional money to provide what amounts to a cost-of-living increase for a select group of people who are receiving annuities from the Federal Government and who had the privilege of Federal jobs throughout their working career.

I have been concerned for several years over the attitude of many people

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 3, 1952

For actions of June 2, 1952

52nd-2nd, No. 94

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate passed bills: Reducing coconut tariff for Pacific Territory. Ready for President. Authorizing Forest Service airports. Modifying Md. tobacco quota law. Senate debated road authorization bill. House passed salt-water research bill. House debated Korean GI bill.

SENATE

1. COCONUT TARIFF. Passed without amendment H. R. 7188, to extend to coconut oil from the trust territory of the Pacific Islands the same exemption from the additional processing tax of 2 cents a pound as is provided to coconut oil from the Philippines and U. S. possessions (p. 6364). This bill will now be sent to the President.
2. FOREST AIRPORTS. Passed as reported S. 2229, to authorize this Department to acquire and operate airports near national forests (p. 6423).
3. LAND TRANSFERS. Passed without amendment S. 2603, to return to Oregon a 2-acre tract which had been donated to this Department for use as a fish hatchery (pp. 6425-6).
Discussed and passed over H. R. 5314, to donate to California University a tract of EPISAE land for grape research (pp. 6426-7).
4. EDUCATION. Passed without amendment H. R. 6922, to extend to Alaska colleges the benefits of the act of 1935 authorizing Federal contributions toward the endowment and support of agriculture and the mechanic arts (p. 6427). This bill will now be sent to the President.
5. TOBACCO. Passed as reported H. R. 3554, to change the carry-over date for Maryland tobacco from October 1 to January 1 of each year (pp. 6427-8).
6. ROAD AUTHORIZATIONS. Began debate on S. 2437, to authorize 1954 and 1955 appropriations for roads, including forest highways and forest roads and trails (pp. 6451-6).

7. RECLAMATION. Passed without amendment S. 2610, providing that excess-land provisions of the Federal reclamation laws shall not apply to certain lands that will receive a supplemental water supply from the San Luis project, Colo. (pp. 6422-3).
Passed as reported H. R. 5633, to approve a contract with the irrigation districts on the Owyhee project (pp. 6424-5).
8. TRANSPORTATION. Passed as reported S. 2357, to provide that horticultural commodities shall be included within the term "agricultural commodities" for the purpose of the agricultural exemption for motor carriers in the Interstate Commerce Act (p. 6427).
9. AGRICULTURE CENSUS. The Post Office and Civil Service Committee reported with amendment S. 2903, to provide that a census of agriculture be taken in Oct. 1954 and in the same month of each tenth year thereafter (S. Rept. 1621)(p. 6374).
10. FOREIGN AID. Sens. Connally, George, Green, Wiley, and Smith of N. J. were appointed conferees on H. R. 7005, to continue the Mutual Security Program (pp. 6376-7). House conferees were appointed May 29.
11. TRANSPORTATION. The Interstate and Foreign Commerce Committee reported without amendment S. 2653, to standardize rates on household goods shipped by the U. S. Government for its employees (S. Rept. 1625)(p. 6374).
12. BUILDINGS. Discussed and passed over H. R. 4323, to authorize GSA to enter into long-term lease-purchase agreements for buildings (p. 6420).
13. WEATHER CONTROL. Discussed and passed over S. 2225, to create a committee to study and evaluate public and private experiments in weather modification (pp. 6383-4).
14. TUNA-FISH IMPORTS. Discussed and passed over H. R. 5693, to impose a tariff on tuna-fish imports (p. 6384).
15. CIVIL-SERVICE RETIREMENT. Sen. Robertson inserted the opening statement of Rep. Murray at the house hearings on amendments to the Civil Service Retirement Act (pp. 6377-8).
16. FUTURE FARMERS OF AMERICA. Sen. Wiley inserted a letter from the Wis. Director of Vocational and Adult Education favoring a postage stamp honoring FFA (pp. 6373-4).

HOUSE

17. SALT-WATER RESEARCH. Passed as reported H. R. 6578, to provide for correlation and coordination of research into practical means for the economical production from sea or other saline waters, of water suitable for agricultural, industrial, municipal, and other Beneficial consumptive uses. This amended version of the bill authorizes appropriation of \$1,000,000 for a 5-year period, gives the Interior Department responsibility for the project, and provides for advances of funds to other cooperating departments and agencies. (pp. 6462-3.)
18. AGRICULTURE CENSUS. Passed as reported H. R. 7202, providing for an agricultural census in Oct. 1954 and decennially thereafter (p. 6465).
19. PERSONNEL; LEAVE. Passed without amendment H. R. 7806, authorizing certain Federal employees to attend, without loss of pay or annual leave, funerals of

referred, and, without objection, the reports will be printed in the RECORD.

The bill (S. 3270) authorizing the construction of certain public works on rivers and harbors at Anacortes Harbor, Wash., introduced by Mr. CAIN, was read twice by its title, and referred to the Committee on Public Works.

The reports are as follows:

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, D. C., August 1, 1950.
Subject: Anacortes Harbor, Wash.
To: The Secretary of the Army.

1. I submit herewith for transmission to Congress the report of the Board of Engineers for Rivers and Harbors in response to resolution of the Committee on Public Works of the United States Senate, adopted June 17, 1947, requesting the Board to review the report on Anacortes Harbor, in the State of Washington, submitted on May 10, 1933, and previous reports, with a view to determining the advisability of making improvements in the harbor facilities at Anacortes, Wash.

2. After full consideration of the reports secured from the district and division engineers, the Board recommends modification of the existing project for Anacortes Harbor, Wash., to provide for a mooring basin 12 feet deep at mean lower low water, 570 feet wide, and 960 feet long, adjacent to the north side of Capsante waterway, protected by a pile breakwater 380 feet long about 50 feet east of the mooring basin, generally in accordance with the plan of the district engineer and with such modifications thereof as in the discretion of the Chief of Engineers may be advisable, at an estimated cost to the United States of \$150,000 for construction and \$3,500 annually for maintenance in addition to that now required, subject to the condition that local interests agree to (a) furnish without cost to the United States, all lands, easements, rights-of-way, and spoil disposal areas suitably bulkheaded where necessary, for construction and maintenance of the improvement, when and as required; (b) hold and save the United States free from all damages due to construction and maintenance of the improvement; (c) provide and maintain adequate mooring facilities and a public landing with service and supply facilities open to all on equal terms; and (d) maintain to project dimensions those portions of the basin where mooring facilities are provided.

3. After due consideration of these reports, I concur in the views and recommendations of the Board.

LEWIS A. PICK,
Major General, Chief of Engineers.

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, May 29, 1952.
HON. HARRY P. CAIN,
United States Senate,
Washington, D. C.

DEAR SENATOR CAIN: Reference is made to your letter dated April 23, 1952, your file No. 3102, addressed to the district engineer at Seattle, Wash., concerning our report on Anacortes Harbor, Wash. Reference is also made to the Seattle district engineer's reply dated April 28, 1952, informing you that additional information on the status of the report on Anacortes Harbor would be furnished by this office. I am pleased to give you the current status of the report at this time.

As you know this report was approved by the Chief of Engineers and transmitted to the Bureau of the Budget on September 19, 1950, recommending modification of the existing project to provide a mooring basin

12 feet deep, and 570 by 960 feet in area protected by a pile breakwater 380 feet long, all at an estimated Federal cost of \$150,000 for construction and \$3,500 annually for maintenance.

On January 26, 1951, the Bureau of the Budget returned the report to this office for reconsideration of the recreational benefits and of the allocation of costs on the basis of the small-boat formula, which was adopted subsequent to the time the report was submitted to the Bureau of the Budget. A review of the report by the reporting officers, the Board of Engineers for Rivers and Harbors, and by this office indicated that, on the basis of the small-boat formula, it would be necessary to alter the requirements of local cooperation in connection with the recommended project.

It has been determined that, in addition to the requirements of local cooperation set forth in the report of the Chief of Engineers dated August 1, 1950, a copy of which is inclosed for your ready reference, a cash contribution will be required from local interests to help defray the first cost of the improvement. This cash contribution is required because of the amount of benefits that will accrue to the local community as compared with the amount of general benefits which will accrue to the Nation as a whole.

This office is currently engaged in making a study to determine the amount of local cash contribution that will be required in addition to the usual items of local cooperation. Upon reaching a decision on the amount of the local cash contribution required the reporting officers will meet with the Anacortes Port District to set forth and explain the revised requirements of local cooperation. After determination of the willingness of local interests to comply with the revised requirements the report will be resubmitted to the Bureau of the Budget prior to transmittal to Congress by the Secretary of the Army.

Every effort will be made to expedite our study on this matter and I will be pleased to keep you advised of future progress, both in this office and at field level.

I trust this additional information is sufficient for your present needs on this matter. However, should you require additional information, I shall be pleased to furnish it upon receipt of your request.

Sincerely yours,

C. H. CHORPENING,
Brigadier General, United States Army,
Assistant Chief of Engineers for Civil Works.

APPROVAL OF CONVEYANCE BY THE TENNESSEE VALLEY AUTHORITY OF TERMINAL PROPERTY IN CERTAIN CITIES IN TENNESSEE AND ALABAMA

Mr. HILL (for himself and Mr. SPARKMAN) submitted the following concurrent resolution (S. Con. Res. 80), which was referred to the Committee on Public Works:

Resolved by the Senate (the House of Representatives concurring), That the Congress, pursuant to section 4 (k) (b) of the Tennessee Valley Authority Act of 1933, as amended (55 Stat. 599-600, 16 U. S. C. 831c (k) (b)), hereby approves the conveyance by the Tennessee Valley Authority in the name of the United States, by deed, lease, or otherwise, for the purpose of said section 4 (k) (b) and on the basis of the fair sale or rental value determined by the Tennessee Valley Authority, of the public use terminal properties now owned by the United States and in the custody of the Tennessee Valley at Knoxville, Chattanooga, and Harriman, Tenn., and Decatur and Guntersville, Ala.

EXECUTIVE AND INDEPENDENT OFFICES APPROPRIATIONS—AMENDMENT

Mr. SMITH of New Jersey submitted an amendment intended to be proposed by him to the bill (H. R. 7073) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1953, and for other purposes, which was ordered to lie on the table and to be printed.

APPROPRIATIONS FOR DEPARTMENT OF DEFENSE—AMENDMENT

Mr. LODGE submitted an amendment intended to be proposed by him to the bill (H. R. 7391) making appropriations for the Department of Defense and related independent agencies for the fiscal year ending June 30, 1953, and for other purposes, which was referred to the Committee on Appropriations, and ordered to be printed.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1952—AMENDMENTS

Mr. SCHOEPPEL submitted an amendment intended to be proposed by him to the bill (S. 2594) to extend the provisions of the Defense Production Act of 1950, as amended, and the Housing and Rent Act of 1947, as amended, which was ordered to lie on the table and to be printed.

The PRESIDENT pro tempore. In his capacity as a Senator the Chair submits an amendment intended to be proposed by him to the bill (S. 2594) to extend the provisions of the Defense Production Act of 1950, as amended, and the Housing and Rent Act of 1947, as amended.

The amendment will be printed and will lie on the table, and without objection, the amendment, together with a letter from W. M. Farris, of Nashville, Tenn., will be printed in the RECORD. The Chair hears no objection.

The amendment is as follows:

At the proper place in the bill, insert the following: "Provided further, That the Office of Price Stabilization in the exercise of its rule-making and regulatory powers pertaining to products of the soil (forestry products) shall not classify or separate for pricing purposes any areas or boundaries which conflict with long-established trade customs or which are contrary to geologic maps or forestry surveys officially recognized by the various States or which are contrary to the United States Geological Survey."

The letter is as follows:

FARRIS HARDWOOD LUMBER Co.,
Nashville, Tenn., May 29, 1952.
HON. KENNETH MCKELLAR,
United States Senate,
Washington, D. C.

DEAR SIR: With reference to your telegram dated May 23, which reads as follows:

"Re your call amendment referred to not included in DPA bill as reported in the Senate. Shall be glad to do what I can when this measure is before the Senate.

"Regards,

"KENNETH MCKELLAR."

We thank you for your prompt reply and cooperation although the message is nat-

urally quite a disappointment. Anything you can do to get the amendment in question included in the bill when it comes before the Senate will, needless to say, be greatly appreciated by the Nashville and other middle Tennessee sawmill operators who have been so unfairly and unnecessarily discriminated against by the OPS in the adoption of a timber boundary line purporting to separate one price region from another.

The boundary as established is contrary to long-established custom and geologic map of Tennessee compiled by the Division of Geology and the United States Geological Survey.

We have sought relief from the OPS but have been unsuccessful.

In our opinion only the inclusion of the amendment or expiration of the entire bill will take care of the situation.

Enclosed is a copy of the amendment, the same as left with you on March 13.

Respectfully yours,

FARRIS HARDWOOD LUMBER CO.,
W. M. FARRIS.

Mr. MUNDT. Mr. President, on behalf of myself, and the Senator from North Dakota [Mr. Young], I submit an amendment intended to be proposed by us, jointly, to the bill (S. 2594) to extend the provisions of the Defense Production Act of 1950, as amended, and the Housing and Rent Act of 1947, as amended. I ask unanimous consent that I be permitted to make a brief statement concerning the amendment.

The PRESIDENT pro tempore. The amendment will be received, and printed, and will lie on the table; and, without objection, the Senator from South Dakota may proceed.

Mr. MUNDT. Mr. President, the amendment would reincorporate section 104 in the new legislation.

Senators will recall that section 104 is a part of the Defense Production Act, and provides protection for peanuts, butter, cheese, and other dairy products. The Senator from North Dakota and I are suggesting, in this amendment, the addition of oats, rye, barley, and wheat other than for human consumption; and rice and rice products, because of the fact that these products are all in serious distress.

If section 104 were to expire without the kind of protection which would be afforded by the amendment the American taxpayers are likely to find themselves confronted with the necessity of providing support prices for products of this nature wherever they are raised in the world. We are aware of the fact that foreign countries are making plans to dump excess amounts of these products on our shores immediately after the expiration of this section.

I ask unanimous consent to incorporate in the RECORD at this point a short statement explaining in further detail the provisions of section 104 as revised and submitted by the Senator from North Dakota and myself.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MUNDT

The amendment would continue for another year section 104 of the present act providing for import controls of fats, oils, peanuts, butter, cheese and other dairy products, and rice and rice products with the addition

of oats, rye, barley, and wheat other than for human consumption.

First, I would like to comment on the need for extending import controls on dairy products.

The dairy industry of the United States is traditionally operated on a self-sufficient basis. Between 1925 and the outset of World War II dairy imports exceeded exports by a very small margin which amounted to about 1 percent of our total milk production. During and since World War II the exports from this country have risen tremendously. However, this rise was not a natural or normal one.

For instance much of the increase has been made up of exports to former Allies of World War II. Belgium, France, Greece, and the United Kingdom were recipients of 30.1 percent of United States dairy exports between the years 1949 and 1951. In 1939 these same countries accounted for less than 4 percent of our exports. In 1939 Germany and Japan received less than one-tenth of 1 percent of our total dairy exports. In the 1949-51 period those nations accounted for 10 percent of our total exports of dairy products.

The increases which I have mentioned above are directly associated with various types of export subsidization programs such as ECA, UNRRA, Army relief feeding, purchases for export by agencies to which the United States has contributed funds, such as the United Nations Children's Fund and the International Refugee Organization of the United Nations, and these are only a few of the programs. We cannot expect that these programs will be continued into the future for very much longer. The nations receiving such aid have been able to build back their own dairy herds and with the exception of Austria and Switzerland production in each of the countries now exceeds that of the pre-World War II period.

In short, we shall be returning to a period very similar to that previous to World War II, when American dairy products were largely consumed domestically. If we should submit to competition from foreign sources who, through their lower costs of labor and production, are able to supply milk to this country at a market level below that of domestic dairy producers, then we will by one fell stroke be tolling the death knell for thousands of American dairy producers who will be forced to sell their herds off for beef.

I would now like to comment on my reasons for the inclusion of oats, rye, barley, and feed wheat in this amendment.

The prairie Provinces of Canada have certain advantages in reaching the eastern feed-consuming markets of the United States, as well as the far western markets, because their transportation costs have not advanced as rapidly as those of the United States. This advantage coupled with the fact that farm wages in this country are higher and are advancing faster than those in Canada, makes it not surprising at all that Canada is able to supply feed grains to certain areas of the United States at a market price lower than can the domestic producer.

The 1952 price supports announced for oats, barley, and rye are approximately 82 percent of transitional parity. The clear intent of the agricultural legislative programs is to assist farmers to obtain parity. It is then, unthinkable that parity can be realized while imports absorb a substantial part of our demand. Imports depress prices and effectively prevent them from advancing to parity. They will also cause more grain to go under price support and more to be taken into the Government's possession at a greater cost to the American taxpayer.

I expect to be discussing this amendment in further detail at the time we are considering S. 2594, at which time I will go into further detailed reasons to indicate that it is essential.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. CARLSON:

Address delivered by him at the annual conference of the International Council for Christian Leadership, The Hague, The Netherlands, on May 24, 1952.

By Mr. O'MAHONEY:

Editorial entitled "These Honored Dead" published in the May 31, 1952, issue of the Saturday Evening Post.

By Mr. MUNDT:

Article entitled "The America We Lost," written by Mario A. Pei, and published in Saturday Evening Post.

By Mr. BYRD:

Address entitled "Giant Government: Can We Make It Efficient?" delivered by Dr. Robert L. Johnson, president of Temple University, and National Chairman, Citizens Committee for the Hoover Report, before the thirty-sixth annual meeting of the National Industrial Conference Board at the Waldorf-Astoria Hotel in New York, on May 15.

JUVENILE COURT FOR THE DISTRICT OF COLUMBIA

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 1822) to amend the act creating a juvenile court for the District of Columbia, approved March 19, 1906, as amended, which were, on page 3, line 10, strike out "governmental," and insert "governmental and", and on page 4, line 10, after "both," insert "Prosecutions for violations of subsection (c) of this section shall be brought in the name of the District of Columbia in the Municipal Court for the District of Columbia by the Corporation Counsel or any of his assistants."

Mr. JOHNSTON of South Carolina. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

MUTUAL SECURITY ACT OF 1952

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. CONNALLY. Mr. President, on May 23, 1952, the House of Representatives passed the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes. On last Wednesday, May 28, 1952, the Senate passed the bill with an amendment in the nature of a substitute. On Thursday, May 29, the House requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and appointed their conferees. I move that the Senate accept the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. CONNALLY, Mr. GEORGE, Mr. GREEN, Mr. WILEY, and Mr. SMITH of New Jersey conferees on the part of the Senate.

ACTUARIAL STUDY OF GOVERNMENT PENSION SYSTEMS

Mr. ROBERTSON. Mr. President, I ask unanimous consent to proceed for 1 minute.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from Virginia may proceed.

Mr. ROBERTSON. Mr. President, last week I unsuccessfully urged the Appropriations Committee to approve an item for the Civil Service Commission to make a study of the actuarial soundness of all the Government pension systems. I felt the facts developed by such a study will be needed to enable us to act intelligently on recurring proposals to increase pension benefits.

I still believe that this study should be made but meanwhile, before we pass on the pending proposals for an increase in the pensions of retired civil-service employees, I believe every Member of the Senate should consider the facts contained in the statement made to the House Post Office and Civil Service Committee last Thursday by its chairman, the Honorable TOM MURRAY.

I ask, therefore, Mr. President, that Mr. MURRAY's statement be printed in the RECORD as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY HON. TOM MURRAY, CHAIRMAN, POST OFFICE AND CIVIL SERVICE COMMITTEE, HOUSE OF REPRESENTATIVES, AT OPENING OF HEARINGS ON RETIREMENT LEGISLATION, THURSDAY, MAY 29, 1952

We are beginning the hearings on various bills which by their terms, will provide general increases in the retirement of Federal employees. Some of these bills provide percentage increases combined with flat dollar increases. Others substitute new formulas for computing annuities while still a third group would completely rewrite the Retirement Act.

At the outset of the hearings, I wish to state my position frankly and plainly on all of the pending bills. I am strongly opposed to the enactment at this time of any legislation which would increase the retirement benefits or annuities in any manner, shape or form since the retirement fund is not now actuarially sound. It is in the "red" nearly \$5,000,000,000 insofar as having sufficient funds to meet its obligations and liabilities is concerned. Even if we were just to consider amounts to those already retired which, based on their life expectancy, total \$2,016,051,658, and add to that the amount due present Federal employees, if they desired to withdraw their money in their individual retirement accounts, we would find that the funds credited to our Federal civil-service retirement system could not meet these obligations. In fact, it would fail to do so by nearly \$150,000,000.

Any increase in the annuities of those already retired must be taken from the taxpayers or from the equities in the fund of those who will retire in the future. Those who are now retired have, in the great majority of cases, received in annuities already many times the amount of their contribu-

tions. To this particular group our Government has been most generous. In the first place they have received full credit for their years of service prior to August 1, 1920, without having to make any contributions whatsoever to the retirement fund. Secondly, during the years in which they made contributions to the retirement fund, they paid 2½ percent to the fund for 6 years, they paid 3½ percent into the fund for 16 years, and 5 percent for 6 years. Only those retiring since 1948 have made any payments of 6 percent.

Meanwhile, these retired employees seek increases in retirement and survivors' annuities which are largely comparable to those which will be received by employees who will be contributing 6 percent of their annual salaries the entire length of their service with the Federal Government.

As an indication of what has been received by those already retired compared to their contributions to the fund, I have had developed the following statistics. According to a statement furnished me by the Civil Service Commission, the 166,000 annuitants on the rolls as of June 30, 1951, made total contributions of approximately \$240,000,000. The annuities paid these individuals already constitute approximately \$947,000,000. Based upon the estimated life expectancy of those presently on the rolls, there will be payments made to them of over \$2,186,000,000. In other words, these employees who have already retired will receive more than \$3,000,000,000, and their contributions amount to only \$240,000,000, a better than 12-to-1 return.

Every one who is retired with a fixed income is faced with the same problem as the retired Federal employee. It would be unfair to take from taxpayers additional money to provide what amounts to a cost-of-living increase for a select group of people who are receiving annuities from the Federal Government and who had the privilege of Federal jobs throughout their working career.

I have been concerned for several years over the attitude of many people that the Federal Government owes them "security or financial protection" from the cradle to the grave. It is unfortunate that many present and retired Federal employees have the idea that our Government "owes them a living" after their retirement, and that it is up to the Government to take care of them for the remainder of their lives from the date of their retirement.

Too many employees look upon the retirement fund as a welfare fund and do not concern themselves with the actuarial soundness of the fund. Federal employees should take pride in the soundness of the retirement fund and should be interested in the present obligations and liabilities so that the fund may meet its contracts for future retirements.

The balance in cash and investments and obligations of the United States as of last June 30 was \$4,419,927,112.89. Taken by itself this appears to be a substantial sum and because of this creates a false impression or sense of security when examined alone. To be properly appraised, however, it is important also to take a look at liabilities to present and former employees. Again as of last June 30, these liabilities total \$9,294,927,112.89. Deducting the balance available from the total liabilities it becomes clear that there exists an actual deficit in the fund. The excess of liabilities over assets is \$4,875,000,000.

The Federal civil-service retirement system today is the best and most liberal of any retirement system in the world. As the Commission has pointed out in reports on retirement legislation to this committee—"The retirement system is an instrument of personnel policy similar to provisions concerning pay, leave, and working conditions. Taken together these constitute the Govern-

ment's competitive offer in the labor market. They may be revised from time to time as conditions change but the primary reason for such revision is the need for the Government to maintain a competitive position as an employer."

There are some who may point to isolated instances of other systems where benefits are granted but these examples invariably relate to short-term employees. The retirement system is intended to encourage a career of Government service and is weighted in favor of the career Government employee of many years service. For the temporary employee, we have provided an opportunity for old-age and survivors insurance under social security.

With more than 160,000 former Federal employees on the retirement rolls, it is understandable that if one looks hard enough he can find many pitiful hardship cases. On the other hand, we must consider that, under the present circumstances, many retired Federal employees have taken jobs in private industry and are receiving or will be eligible for social security benefits in addition to their retirement. There is no limitation upon the amount that a retired employee may receive in private employment in order to continue to receive his annuity.

The President, following his approval of an increase in the annuities for veterans, has requested Congress to make a special study of the duplication of payments. Even if we were to agree to the principle that the Federal retirement fund is a welfare fund, and I am unalterably opposed to this viewpoint, such a change in policy should be prefaced by an investigation of duplication of payments from tax funds.

I have the deepest sympathy for any annuitants who are in financial distress. I appreciate the plight of those in need. I am not hard-hearted, callous, or hardened toward annuitants as some individuals are charging. We all regret the decline in the value of the dollar and the inflationary trends today.

Not only have annuitants suffered but, also, those who have private resources as annuity incomes from private insurance policies, interest on bonds and notes, and income from dividends on stocks. All of these have felt the effect of the decline of the purchasing value of the dollar.

Our Government has never guaranteed that annuities would be increased proportionately to an increase in the cost of living or because of an increased cost of living. Every member of the committee, I am sure, is intensely interested in the financial soundness and integrity of the retirement fund so that it may meet all future liabilities and obligations. It is unwise and unfair to leave the responsibility of payment for the annuities as a tax obligation or as a loadstone on the next generation of Federal employees or the taxpayers generally.

In the Retirement Act revisions of 1948, we did make a gift to all of those who were already retired of a 25 percent or \$300 increase, whichever was the lesser, in their annuities or the option of providing an annuity of \$600 for their surviving spouse. Later, in the Eighty-first Congress, this was amended to provide both the increase in the annuities of retired employees and the annuities for the surviving spouse. The fact that we made this gift to those already retired did not in any way commit our Government to the policy of future revisions in the annuities of those already retired.

I trust that no one makes such a contention for, if it is made, it creates an untenable situation whereby what we do today is making a commitment not only now but in the future for a policy of meeting increased costs of living by increased Federal annuities.

The increases given to Federal employees by the 1948 act, and amended in the Eighty-

first Congress, to which I have just referred, amounted to about 50 percent in the annuities of those who received the benefits of both increases in their annuities and annuities for their surviving spouses. This is more than increases given to other annuitants under any other system since the increase in the cost of living.

I want to again emphasize that I am not unaware of the grave problems faced by retired people in all categories who have small annuities and are faced with the reduction of the purchasing power of the dollar. I, for one, insist that we must treat all citizens alike and we cannot give special benefits to a select group. These benefits must either be paid for from taxes or from funds contributed by others.

Those now in the Federal service should be intensely interested in the future actuarial soundness and the present obligations and liabilities of the retirement fund in order that the fund can take care of its contracts for future retirements. The fund today is not in a sound condition and Chairman Robert Ramspeck, of the Civil Service Commission, is requesting Congress to undertake a program of amortizing the deficiency of the fund within the next 30 years. This produces an appropriation request for the fiscal year 1953 of nearly \$458,000,000, which is approximately \$150,000,000 above recent appropriations to the fund. I think it is important to note that the House Committee on Appropriations this year declined to report the additional \$150,000,000 requested by the Civil Service Commission. As a matter of fact, the House in voting on the independent offices appropriation bill actually voted an amount which will not quite meet the anticipated disbursements from the retirement fund this year. Loose and unfounded statements that annuities of those already retired can be increased without either increasing the Federal contributions or the contributions of employees have made it increasingly difficult to obtain the necessary appropriations to guarantee the integrity of the fund. The consideration of this committee with respect to increasing annuities must of necessity be conditioned by this recent House action.

If the financial integrity of the fund is further materially weakened or impaired by liberalizing or increasing the annuities, the day is then fast approaching when the civil-service retirement system will be merged or consolidated with social security to which I am strongly opposed. I have yet to hear a single Federal employee say that he would prefer to be placed under social security rather than continue under the civil-service retirement system.

These bills before our committee today vary in their cost but the minimum cost of the least expensive one runs into many millions of dollars a year. The retirement fund is certainly in no position of condition to stand these additional costs and, if favorable consideration is given to any of these measures, then Congress should appropriate the necessary funds to cover the costs. However, I am opposed to such action as I feel that I have an obligation to our taxpayers to help balance the Federal budget, reduce appropriations wherever possible, and consistent with the actual needs of our Government, to stop deficit spending and increasing our national indebtedness, and to give some relief, as soon as possible, to our people from the present burdensome taxes imposed upon them.

DEDICATION OF GREATER PITTSBURGH AIRPORT

Mr. MARTIN. Mr. President, I ask unanimous consent to proceed for a minute and a half.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from Pennsylvania may proceed.

Mr. MARTIN. Mr. President, last Saturday there was dedicated at Pittsburgh, Pa., one of the finest airports in the world.

Allegheny County, in which the airport is located, was joined in the dedicatory ceremonies by its neighbors of southwestern Pennsylvania, northern West Virginia, and eastern Ohio.

Approximately 50,000 citizens of those areas, including civic and industrial leaders and members of the clergy assembled to witness the ceremonies.

The airport, with its terminal building and other facilities, was constructed at a cost of about \$33,000,000. It will serve the greatest center of industrial production in the world and will advance the economic welfare of all the people of the United States.

I am certain that information concerning this airport will be of general interest and I therefore ask unanimous consent to insert in the RECORD, at this point in my remarks, a compilation of interesting facts describing this great masterpiece of progress in aviation.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Greater Pittsburgh Airport, a modern masterpiece of airport design and construction will place the Pittsburgh district in the front ranks of the world's air centers. The economic and civic consequences of this magnificent installation are immeasurable.

Eleven years of planning and building have developed, on this 1,600-acre site about 14 miles west of Pittsburgh's Golden Triangle, a skyport which is larger than New York's LaGuardia Field and Washington's National Airport combined with the largest terminal building in the world.

An outstanding feature of this spacious airport, whose mile-long runways are cut into the bedrock of Pennsylvania hills, is the main seven-story terminal building which houses a hotel, a theater, restaurants, observation decks, a bank, and many other facilities. Architectural innovations in the design of the terminal building—which is built of granite, marble, brick, and stone—will serve as a model for other airports for years to come.

FACTS ABOUT GREATER PITTSBURGH AIRPORT

Location: About 14 miles west of the Golden Triangle, in Moon and Findlay townships, Allegheny County.

Accessibility: Connected with downtown Pittsburgh by means of a high-speed, limited-access parkway which will cut auto traveling time to about 20 minutes. Served by bus lines and limousine service.

Parking: Facilities for 5,000 cars. Driveways under the main building and at each dock, at the elevation of the loading apron, will permit public conveyances to loan and unload passengers at each gate, reducing the average walking distance for passengers to 225 feet. There is also an indoor garage.

Cost: About \$33,000,000. The airport will run on a self-sustaining basis. It represents investments by Allegheny County, the Civil Aeronautics Authority, the Pennsylvania State Aeronautics Commission, and Federal and State funds for United States Air Force and National Guard.

Size: 1,600 acres.

Runways: East-west runway is 5,500 feet long with a 2,500-foot extension.

Northwest-southeast runway is 5,900 feet, with a 300-foot extension.

Northeast-southwest runway is 5,770 feet long.

All runways are 150 feet wide. They are built to take a 75,000-pound wheel load, but engineers believe they can withstand much more because of their rock substructure.

Terminal building: Cost about \$9,500,000. Semicircular, 460 feet in diameter; over-all width is 575 feet; over-all length, including south dock, is 1,060 feet. The ultimate development of this 7-story (including control tower) building calls for 3 docks, 600 feet long, radiating east, south, and west from the main building. Only the south dock is to be constructed in the first stage. These will provide waiting lounges for passengers, observation decks with ultimate capacity of 10,000 people, and such standard facilities as radio, dispatchers, maintenance, and storage rooms.

Terminal facilities: Two passenger observation lounges. Two public observation lounges. Airline ticket and information space. Coffee shop, 450 capacity. Motion picture theater, 330 capacity. Drug store. Haberdashery. Post office. Barber and beauty shops. Branch bank. Operating personnel offices. Sky-view dining room, 550 capacity. Sky-view dining terrace, 250 capacity. Cafeteria to accommodate 3,000 employees. Weather bureau airways communication. Civil air control and tower. Florist and other commercial shops. Public garage. Sixty-two room hotel. Recreation center.

Exhibits: There are 138 display windows and 2 large exhibit rooms which will make up a new world exposition.

Employees: About 2,500 will be permanently employed by the airlines and other businesses and agencies offering services at or near the airport.

ANNOUNCEMENT OF SUPREME COURT DECISION IN STEEL MILL SEIZURE

Mr. HICKENLOOPER. Mr. President, I ask unanimous consent to proceed for 20 seconds.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator may proceed.

Mr. HICKENLOOPER. There has just come over the press ticker, timed at 12:05 p. m. today, the statement which I shall read. I know no more than what is carried on the ticker. The statement is as follows:

The Supreme Court ruled today that President Truman's seizure of the steel mills on April 8 was unconstitutional.

I pray that the report is accurate.

Mr. TOBEY. Hurrah. Thank God for the Supreme Court.

ADDRESS BY FORMER SENATOR ASHURST BEFORE ARIZONA STATE BAR ASSOCIATION

Mr. HAYDEN. Mr. President, there are now 18 Members of this body who served with my former colleague, Henry Ashurst. None of them has forgotten the eloquence which he so frequently displayed at the desk at which I now stand. A newspaper account of an address which he delivered in Prescott, Ariz., on May 24, 1952, reads as follows:

Henry Fountain Ashurst came home to Arizona Saturday and demonstrated that the years have not dimmed his gift of oratory.

Members of the State bar of Arizona overflowed the Elks Lodge—their nineteenth annual convention momentarily forgotten—to

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 4, 1952

For actions of June 3, 1952

82nd-2nd, No. 95

OFFICE OF BUDGET AND FINANCE

(For Department Staff Only)

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HIGHLIGHTS: Senate passed road authorizations bill. Senate passed independent offices appropriation bill. House received conference report on third supplemental appropriation bill. Conferees agreed on foreign-aid bill. House debated cotton parity standards bill. Sen. Young urged import control on grains.

SENATE

1. ROAD AUTHORIZATIONS. Passed with amendments H. R. 7340, authorizing appropriations for road construction in 1954 and 1955 (pp. 6505-21, 6527-31, 6536-43). Agreed, 54-14, to a Douglas amendment decreasing the highway authorizations by a total of \$100,000,000, after earlier rejecting a Douglas amendment to make a greater cut (pp. 6527-9). Agreed to a Cain amendment to require advisory public hearings before construction of timber access roads (p. 6529). Sens. Chavez, Holland, Kerr, Cain, and Case were appointed as Senate conferees. No changes were made in the amounts for forest highways or forest roads and trails.
2. INDEPENDENT OFFICES APPROPRIATION BILL, 1953. Passed with amendments this bill, H. R. 7072 (pp. 6543-4, 6547-86). Sens. Maybank, O'Mahoney, McKellar, Hill, McElahon, Saltonstall, Bridges, and Ferguson were appointed Senate conferees. Sen. Johnston inserted his statement commending the Senate committee for striking out the Thomas leave rider, and criticizing the rider (pp. 6565-6).
3. IMPORT CONTROL. Sen. Young recommended import controls on oats, barley, rye, and feed wheat in addition to the commodities already covered by Sec. 104 of the Defense Production Act (pp. 6531-6).
4. ST. LAWRENCE WATERWAY. Sen. Wiley inserted various statements favoring this proposed project (pp. 6522-3).
5. RECONSTRUCTION FINANCE CORPORATION. As reported (see Digest 93), S. 515 increases from \$40,000,000 to \$100,000,000 the amount of disaster-relief loans which RFC may make, and also contains various provisions regarding the internal management of RFC.

HOUSE

6. **THIRD SUPPLEMENTAL APPROPRIATION BILL, 1952.** Received the conference report on this bill, H. R. 6947 (pp. 6597-9).

Actions by conferees:

Fixed the item for fighting forest fires at \$3,250,000 instead of \$3,000,000 as proposed by the House and \$3,500,000 as proposed by the Senate.

Made various reductions in specific appropriation items for pay costs, including several for this Department, instead of applying a straight percentage cut as previously proposed.

Items reported in disagreement:

Provision that the \$700,000 for smoke jumper facilities "shall be the full cost of the acquisition of land and construction of facilities."

Provision for pay increases of \$800 for officials whose salaries are specified in the Executive Pay Act at \$14,000.

Various amounts for claims for damages, audited claims, and judgments.

Revolving fund of \$6,500,000 for Civil Service Commission investigations, to be reimbursed by the departments and agencies.

Other items in the bill which were not subject to conference action:

Modification of the Whitten personnel rider. Regarding this item the House conferees included the following comments in their statement: "It is the understanding of the conferees that the existing language of the Whitten amendment provides authority for the Civil Service Commission to authorize permanent appointments in the Post Office Department up to the number of permanent employees on the rolls as of September 1, 1950."

Prohibition against use of appropriations in this bill for "publicity or propaganda purposes not heretofore authorized by the Congress."

Federal-aid highways, \$69,500,000 additional.

Supply and records center, Kansas City, \$4,400,000.

7. **FOREIGN AID.** Conferees on H. R. 7005, to extend the Mutual Security Program for fiscal year 1953, agreed to file (but did not actually file) a conference report authorizing an appropriation of \$6,447,730,750, as contrasted with \$6,765,861,500 as approved by the Senate, and \$6,219,600,000 as approved by the House (p. D535).

8. **COTTON PARITY.** Began debate on H. R. 5713, providing Low Middling seven-eighths cotton as the standard grade for determining parity and price support for the 1952 cotton crop (pp. 6596-7).

9. **IMMIGRATION.** The Judiciary Committee concluded hearings on H. R. 7376, authorizing the issuance of 300,000 special nonquota immigration visas to certain refugees (p. D534).

BILL INTRODUCED

10. **RECLAMATION.** S. 3271, by Sen. O'Mahoney (for himself, Sen. Hunt, and Sen. Case), to provide that certain costs and expenses incurred in connection with repayment contracts with the Deaver, Wildwood, and Belle Fourche irrigation districts shall be nonreimbursable; to Interior and Insular Affairs Committee (p. 6524).

ITEMS IN APPENDIX

11. **TRANSPORTATION.** Speech in the House by Rep. Rankin favoring recent action of the Interstate Commerce Commission confirming by unanimous vote its recent order to eliminate, effective May 30, 1952, the one-way freight rate which has been in

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
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HIGHLIGHTS: Senate debated defense production bill agreeing to exempt fresh fruits and vegetables from price control. Senate committee reported bill to extend dual parity on basic commodities for 2 years. Senate committee ordered reported bill to adjust extension-work authorizations in view of new census. House deferred consideration of conference report on 3rd supplemental appropriation bill until Thurs. House conferees appointed on road authorizations bill. President approved flood-rehabilitation appropriation measure.

SENATE

1. DEFENSE PRODUCTION. Continued debate on S. 2594, to amend and extend the Defense Production Act (pp. 6603-62).

Amendments agreed to included the following:

- By Sen. Holland, providing that no price ceiling shall be established or maintained on fresh fruits or vegetables (pp. 6672-4).
- By Sen. Fulbright, providing for judicial review of Labor Department decisions under the Public Contracts Act (pp. 6638-41).
- By Sen. Ferguson, to prevent use of this legislation to implement decisions of the International Materials Conference, by a 43-40 vote (pp. 6645-59).

Amendments rejected included the following:

- By Sen. Capehart, to suspend price-wage controls unless the consumer index rises 3 points, by a 23-57 vote (pp. 6659-62).
- By Sen. Dirksen, to suspend price controls on agricultural and fish products not in short supply, by a 33-44 vote (pp. 6662-4).
- By Sen. Mundt, to provide for import controls on oats, rye, barley, and wheat, by a 36-46 vote (pp. 6664-9).
- By Sen. Dirksen, prohibiting price control on agricultural products, by a 29-49 vote (pp. 6674-7).
- By Sen. Aiken, authorizing some flexibility in administration of the import-control provision, by a 38-38 vote (pp. 6677-9).

2. PARITY FORMULA. The Agriculture and Forestry Committee reported with amendment S. 2115, to continue the existing parity formula for basic commodities until Jan. 1, 1956 (S. Rept. 1674)(p. 6603).

3. EXTENSION WORK. The Agriculture and Forestry Committee voted to report (but did not actually report) H. R. 6773, to adjust extension-work authorizations, with

an amendment which, the "Daily Digest" states, "would freeze extension funds in the fiscal year 1953 in the same manner as they were allocated in fiscal 1952" (p. D538).

4. PURCHASING. The Judiciary Committee reported with amendments S. 2437, to permit judicial review of decisions of Government contracting officers involving questions of fact arising under Government contracts in cases other than those in which fraud is alleged (H. Rept. 1670) (pp. 6602-3).
5. EMIGRATION. The Judiciary Committee reported with amendment S. Res. 326, to investigate problems connected with emigration of refugees from Western European nations (S. Rept. 1671) (p. 6603).
6. AGRICULTURAL APPROPRIATION BILL, 1953. Sen. Anderson submitted an amendment which he intends to propose to this bill, H. R. 7314 (p. 6606).

HOUSE

7. FOREIGN AID. Conferees filed their report on H. R. 7005, to amend the Mutual Security Act of 1951 (H. Rept. 2031). The total authorization agreed upon was \$6,447,730,750 which was reached by dividing equally the amounts previously authorized by both Houses. A total of \$4,598,424,500 is for military assistance and \$1,805,238,500 is for economic and technical assistance. The conferees agreed to the Senate amendment providing for carry-over of unexpended balances, and eliminated a House provision limiting dollar expenditures under the act for supplies, equipment, and commodities in the technical assistance program. The conferees also expect the Administrator of TCA to cut to reasonable levels all "staffs in Washington concerned with Point 4." The conferees included language to insure that small business will share equitably in the TCA programs, and agreed that \$16,481,000 be contributed to the UNICEF but that in no case should this Country's contribution exceed more than one-third of contributions from all other governments. (pp. 6684-90.)
8. ROAD AUTHORIZATIONS. Reps. Fallon, Trimble, Dempsey, Jones (Ala.), Dondero, McGregor, and Angell were appointed as conferees on H. R. 7340, authorizing appropriations for road construction in 1954 and 1955 (p. 6683). Senate conferees were appointed June 3.
9. THIRD SUPPLEMENTAL APPROPRIATION BILL, 1952. Consideration of the conference report on this bill, H. R. 6947, was deferred until Thursday when a point of order regarding presence of a quorum was raised by Rep. Fisher (p. 6691).
10. EMERGENCY POWERS. The "Daily Digest" states that "Agreement was reached on the Emergency Powers Continuation Act, and an amended bill will be introduced and reported favorably to the House" (p. D540).
11. PERSONNEL. Received from this Department a proposed bill to establish an additional Assistant Secretary of Agriculture and an Administrative Assistant Secretary, to authorize the Secretary to delegate his functions, and to require a periodic review by the Secretary of the management of the Department (p. 6694).
12. FOREIGN TRADE. Rep. Taber criticized the State Department's recent action in entering into an agreement with Chile and Cuba giving Chile a large share of the American colored dried bean market in Cuba without consulting the farmers (p. 6690).
Rep. Hill also spoke on this subject and claimed the State Department is giving away our foreign markets while the CCC owns over 4,500,000 bags of dried beans which he claimed will have "to be given away later in exchange for token payments" (pp. 6690-1).

MUTUAL SECURITY ACT OF 1952

JUNE 4, 1952.—Ordered to be printed

Mr. RICHARDS, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 7005]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Mutual Security Act of 1952"*.

SEC. 2. Section 2 of the Mutual Security Act of 1951 is amended by inserting "(a)" after the section number and by adding at the end thereof a new subsection as follows:

"(b) The Congress welcomes the recent progress in political federation, military integration, and economic unification in Europe and reaffirms its belief in the necessity of further vigorous efforts toward these ends as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures for political federation, military integration, and economic unification in Europe. Appropriations made pursuant to paragraphs 101 (a) (1), relating to military assistance, and 101 (a) (2), relating to defense support and economic assistance, of this Act may be used, pursuant to the applicable terms and conditions of the Mutual Defense Assistance Act of 1949, as amended, and of section 503 of this Act, respectively, to furnish assistance (including, in the case of amounts available pursuant to paragraph 101 (a) (2), transfers of funds) to any of the following organizations: (A) The North Atlantic Treaty Organization, (B) the European Coal and Steel Community,

(C) the organization which may evolve from current international discussions concerning a European defense community."

SEC. 3. Title I (relating to Europe) of the Mutual Security Act of 1951 is amended as follows:

(a) In paragraph 101 (a) (1), insert ", for Spain," after "parties to the North Atlantic Treaty".

(b) At the end of section 101 (a) (1), which relates to military assistance for Europe, add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$3,415,614,750, for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) to countries eligible for assistance under this paragraph; and in addition unexpended balances of any appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(c) Amend section 101 (a) (2), which relates to defense support and economic assistance for Europe, to read as follows: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$1,282,433,000 to provide assistance to any country covered by paragraph (1) of this subsection and to any other country covered by section 503 of this Act in accordance with the provisions of such section; and in addition unexpended balances of appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(d) At the end of section 101, add the following new subsection:

"(c) Not less than \$25,000,000 of the funds made available under authority of subsections (a) and (b) of this section shall be used for economic, technical, and military assistance to Spain in accordance with the provisions of this Act. Unexpended balances of appropriations made available for assistance to Spain pursuant to this section by the Act of October 31, 1951 (Public Law 249, Eighty-second Congress), are authorized to be continued available until June 30, 1953."

SEC. 4. Title II (relating to the Near East and Africa) of the Mutual Security Act of 1951 is amended as follows:

(a) At the end of section 201, which relates to military assistance for the Near East area, add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$560,316,500, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(b) Amend section 203, which relates to economic and technical assistance for the Near East and Africa, to read as follows: "In order to further the purpose of this Act in Africa and the Near East there is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$50,822,750 to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized. Funds appropriated pursuant to this section shall be available under the applicable

provisions of section 503 of this Act and the Act for International Development (22 U. S. C. 1557)."

(c) After section 205 add the following new section:

"SEC. 206. In addition to the amounts authorized by section 203, there is hereby authorized to be appropriated not to exceed \$60,063,250 for carrying out the purposes and provisions of section 204 of this Act, relating to Palestine refugees, during the fiscal year 1953; and not to exceed \$70,228,000 for carrying out the purposes and provisions of section 205 of this Act, relating to refugees in Israel, during the fiscal year 1953: Provided, That amounts appropriated pursuant to this section which the President finds cannot be effectively expended to carry out the purposes and provisions of sections 204 and 205 may be transferred to and merged with the appropriations authorized by section 203."

SEC. 5. Title III (relating to Asia and the Pacific) of the Mutual Security Act of 1951 is amended as follows:

(a) At the end of section 301, which relates to military and other assistance for Asia and the Pacific, add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$564,807,500, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(b) In the second sentence of section 302 (a), which relates to economic and technical assistance for Asia and the Pacific, strike out the words "the applicable provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), and" and insert in lieu thereof "the applicable provisions of section 503 of this Act and the applicable provisions" and at the end of such subsection add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$202,778,250, to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of section 503 of this Act and not to exceed \$118,634,250 to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of the Act for International Development (Public Law 535, Eighty-first Congress); and in addition unexpended balances of any appropriations heretofore made pursuant to this subsection are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(c) At the end of section 302 (b), concerning Chinese and Korean students in the United States, add the following new sentence: "Unexpended balances of allocations heretofore made to the Secretary of State pursuant to that proviso shall be continued available until expended."

(d) In the first sentence of section 303 (a), authorizing the appropriation of \$45,000,000 for Korean relief, after the words "to be appropriated to the President" insert the words "for the fiscal year 1953".

(e) In the second sentence of section 303 (a) strike out "1952" and insert "1953".

(f) Immediately before the last sentence of section 303 (a) insert the following: "In addition, the United States Department of the Army is hereby authorized to make available to the United Nations Korean Reconstruction Agency, at the time when that agency assumes full responsibility for relief and rehabilitation in Korea, goods and services of a value not

to exceed \$67,500,000 which the Department of the Army then has on hand or on order for civilian relief in Korea and which the President determines should be contributed by the United States to the United Nations Korean Reconstruction Agency for use in its relief and rehabilitation operations in Korea. The value of goods and services made available pursuant to the preceding sentence shall be credited toward the contribution to be made by the United States to the United Nations Korean Reconstruction Agency."

(g) The last sentence of section 303 (b), which provides for reduction in United States contributions to Korean relief by the amounts made available by United States agencies, is hereby repealed.

SEC. 6. Title IV (relating to Latin America) of the Mutual Security Act of 1951 is amended (1) by adding at the end of the center heading "AND NON-SELF-GOVERNING TERRITORIES OF THE WESTERN HEMISPHERE", (2) by inserting after "Republics" in section 402 the words "and non-self-governing territories of the Western Hemisphere", and (3) by adding at the end of such title the following new section:

"SEC. 403. In addition to the amounts heretofore authorized and appropriated, there are hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$57,685,750 to carry out the purposes and provisions of section 401, which relates to military assistance for Latin America, and not to exceed \$20,329,000 to carry out the purposes and provisions of section 402, which relates to technical assistance for Latin America. In addition, unexpended balances of the appropriation heretofore made pursuant to each such section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the applicable appropriation authorized by this section."

SEC. 7. Title V (relating to organization) of the Mutual Security Act of 1951 is amended as follows:

(a) Section 522, which requires that at least 10 per centum of the funds for aid pursuant to the Economic Cooperation Act of 1948, as amended, be in the form of loans, is hereby repealed.

(b) In paragraph (3) of section 501 (a), insert before the period at the end thereof the following: "and the supervision, coordination, and evaluation of all reports prepared by agencies of the United States Government in the course of their operations under this Act, in order to prevent duplication of effort and to insure a reduction of reporting requirements to the minimum essential for effective operation".

(c) Amend section 503 by inserting "(a)" after "503", by redesignating paragraphs (a), (b), and (c) as (1), (2), and (3), respectively, and by adding at the end thereof the following new subsection:

"(b) (1) Except as provided in paragraph (2), the Economic Cooperation Act of 1948, as amended, is repealed.

"(2) Of the powers, functions, and responsibilities transferred to the Director for Mutual Security by section 502 (b) (2) of this Act, only those which are exercised pursuant to the provisions of the Economic Cooperation Act of 1948, as amended, enumerated in paragraph (3) of this subsection and are not in conflict with the other provisions of this Act, as amended, may be exercised after June 30, 1952. Of the powers, functions, and responsibilities conferred on the President or the Secretary of State by the Economic Cooperation Act of 1948, as amended, only those conferred by the provisions of that Act, as amended, which are

referred to in paragraph (3) of this subsection may be exercised after June 30, 1952.

"(3) The provisions of the Economic Cooperation Act of 1948, as amended, referred to above are the following: Sections 104 (e) and (f); 105 (c); 107; subsections (a), (c), and (d) of section 109; 110 (a) and (b); 111; 112; 113; subsections (d), (h), and (i) of section 114; 115 (a); 115 (b), except the first sentence thereof; subsections (d), (h), and (j) of section 115; section 117 (c); 118; 119; 120; and subsection (a) of section 121. Where any of the above provisions refer to the purposes of the Economic Cooperation Act of 1948, as amended, such reference shall be deemed to be to the purpose of this Act, as amended."

(d) In section 504 (a), strike out all after "Senate" and insert in lieu thereof a period and the following sentences: "The Deputy Director shall receive compensation of \$17,500 per annum. The Special Representative in Europe shall receive the same compensation and allowances as a Chief of Mission, class 1, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and have the rank of Ambassador Extraordinary and Plenipotentiary. The Deputy Special Representative in Europe shall be entitled to receive the same compensation and allowances as a Chief of Mission, class 3, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and have the rank of Ambassador Extraordinary and Plenipotentiary."

(e) In section 504 (c), (1) strike out "transferred to or employed by the Mutual Security Agency" and insert in lieu thereof "employed in the United States on programs authorized by this Act" and (2) amend the second sentence of such subsection to read as follows: "Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended."

(f) Before the period at the end of section 504 (d), insert the following: "Provided further, That, ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this Act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 per centum less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of matériel: Provided further, That after the Director has determined the reduction to be effected in each agency, the determination as to which individual employees shall be retained shall be made by the head of the agency concerned."

(g) Amend section 506 (c) to read as follows:

"(c) Notwithstanding any other provision of law, beginning with July 1, 1952, the Secretary of Defense may furnish (subject to reimbursement from funds appropriated pursuant to this Act) military assistance out of the materials of war whose production in the United States shall have been authorized for, and appropriated to, the Department of Defense: Provided, however, That nothing in this Act shall authorize the furnishing of military items under this subsection in excess of \$1,000,000,000 in

value. For the purposes of this subsection (1) 'value' shall be determined in accordance with section 403 (c) of the Mutual Defense Assistance Act of 1949, as amended, and (2) the term 'materials of war' means those goods, commonly known as military end items, which are required for the performance of their missions by armed forces of a nation, including weapons, military vehicles, ships of war under fifteen hundred tons, aircraft, military communications equipment, ammunition, maintenance parts and spares, and military hardware."

(h) Section 511 is amended by adding the following new subsection:

"(c) (1) The Congress of the United States finds that mutual security can be realized only to the extent that the countries who receive our aid do their utmost to help themselves and cooperate among themselves and with the United States to the fullest extent in achieving the objectives of the free world. In providing assistance under this Act, the Congress of the United States affirms the desire of the United States to continue to use its leadership and resources for the purpose of uniting the efforts of recipient countries to the end that positive accomplishments toward mutual security may be realized with a maximum of efficiency and a minimum of delay and cost.

"(2) In addition to the provisions of subsections (a) and (b) of this section, the Director, in administering this Act, shall insure that, where necessary to the mutual security effort, no country shall receive any assistance hereunder unless it take decisive action to marshal its resources collectively, or individually where more suitable, with integration and unification plans in the appropriate area, and participate in programs which promote collective security in that area. The Director shall insure that, where suitable or necessary to the success of the mutual security effort, countries take adequate steps to mobilize their industries for mutual defense and gear their fiscal, budgetary, capital, political, and military resources to the objectives of this Act and take appropriate other steps toward self-help and mutual cooperation.

"(3) Assistance shall be given on a country-by-country basis to a degree and at a rate commensurate with the rate of progress made in the attainment of the objectives of this Act."

(i) In section 513, amend the heading to read "SPECIAL USE OF FUNDS", insert "(a)" after SEC. 513.", and add at the end of such section the following new subsection:

"(b) Not more than \$100,000,000 of the funds made available under the Mutual Security Act of 1952, of which not more than \$20,000,000 may be allocated to any one country, may be used or supplied without regard to any conditions as to eligibility contained in this Act, or any other Act for which funds are authorized by this Act, when the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination."

(j) Amend section 514 to read as follows:

"STRATEGIC MATERIALS

"SEC. 514. In order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world, the Director for Mutual Security is authorized to initiate projects for, and assist in procuring and stimulat-

ing increased production of, materials in which deficiencies or potential deficiencies in supply exist among nations receiving United States assistance."

(k) Amend section 516 by inserting "(a)" after "SEC. 516." and by adding at the end of such section the following new subsections:

"(b) To accomplish the purpose of clause (1) of subsection (a) of this section, under the coordination of the Director for Mutual Security, the Mutual Security Agency, cooperating with private business groups and governmental agencies to the fullest extent possible, shall encourage a greater participation by private capital in the guaranty program and shall develop broad criteria to facilitate such participation, including programs consistent with the purposes of the Act for International Development.

"(c) The Department of Commerce shall, in cooperation with such groups and agencies (including the International Bank for Reconstruction and Development), conduct a thorough study of the legal and other impediments, foreign and local, to private investment abroad, and the methods and means whereby those impediments can be removed or decreased and shall make recommendations thereon to the Director for Mutual Security.

"(d) The Department of State, in cooperation with other agencies of the Government concerned with private investment abroad, and taking into account the study and recommendations described in subsection (c) of this section, shall accelerate a program of negotiating treaties of commerce and trade, or other temporary arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to countries participating in programs under this Act.

"(e) The Technical Cooperation Administration, taking into account the study and recommendations described in subsection (c) of this section, shall encourage and facilitate a greater participation by private industrial groups or agencies in private contracts awarded by the Administration, and shall, in cooperation with the Department of Commerce and the Mutual Security Agency, find and draw the attention of private enterprise to opportunities for investment and development in underdeveloped areas.

"(f) The reports required by section 518 of this Act shall include detailed information on the implementation of this section."

(l) In section 519 (a), which permits the limited use of economic and technical assistance funds for the Near East, Africa, Asia, and the Pacific to acquire local currency, immediately after the words "may be advanced", insert the words "out of funds made available for assistance under section 503 of this Act".

(m) After section 531 add the following new sections:

"EXEMPTION FROM CONTRACT, ACCOUNTING, AND CERTAIN OTHER LAWS

"SEC. 532. The provisions of section 119 of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1517), which concern exemption from contract and accounting laws, shall apply to the performance of functions authorized by this Act.

"SEC. 533. (a) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the

Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

"(b) Officers of the United States Public Health Service and officers of the Coast and Geodetic Survey, who are assigned for duty under this Act outside the continental limits of the United States, may receive the allowances and benefits provided for officers in the Foreign Service Reserve or Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801-1204), and may also receive salary differentials as provided in that Act computed on their basic pay under the Career Compensation Act of 1949, as amended (37 U. S. C. 231-320); and, in addition to any quarters furnished them by the Government, such officers may receive, during the period of their assignment for duty outside the continental limits of the United States, the allowance payable under section 302 (f) of the Career Compensation Act of 1949, as amended (37 U. S. C. 252 (f)).

"MOVEMENT OF MIGRANTS

"SEC. 534. In order to encourage further the movement of migrants from European countries having surplus population, there is hereby authorized to be appropriated to the President \$9,240,500 for use in making contributions for the calendar year 1953 to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe established at Brussels, Belgium, on December 5, 1951.

"OCEAN FREIGHT CHARGES ON RELIEF PACKAGES

"SEC. 535. The authority to pay ocean freight charges on shipments of relief supplies and packages under section 117 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1515 (c)), shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate: Provided, That this authority shall hereafter also be applicable to relief shipments by voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid to any country eligible for economic or technical assistance under this Act: And provided further, That not to exceed \$2,587,500 are authorized to be appropriated to the President for the fiscal year 1953 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended.

"INFORMATIONAL MEDIA GUARANTIES

"SEC. 536. The authority to make informational media guaranties under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, shall be fully continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate.

"LIMITATION ON FUNDS FOR PROPAGANDA

"SEC. 537. None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

"SMALL BUSINESS

"SEC. 538. (a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the Director for Mutual Security shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under this Act (other than funds authorized to carry out the provisions of the Mutual Defense Assistance Act of 1949, as amended) by making available or causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with funds authorized under this Act (other than funds authorized to carry out the provisions of the Mutual Defense Assistance Act of 1949, as amended), by making available or causing to be made available to prospective purchasers in the countries receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and by offering additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

"(b) There shall be continued in the Mutual Security Agency the Office of Small Business headed by the Special Assistant for Small Business to carry out the provisions of subsections (a) and (b) of this section. Each report transmitted to the Congress under section 518 shall include a report of all activities under this section. The Technical Cooperation Administration shall adopt the procedure of notifying American business, particularly small independent enterprises, of procurement and other information as far in advance as possible through the facilities of the Office of Small Business of the Mutual Security Agency. The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, such information to be furnished as far in advance as possible.

"(c) Section 112 (i) of the Economic Cooperation Act of 1948, as amended, is hereby repealed.

"LIMITATION ON USE OF COUNTERPART FUNDS

"SEC. 539. Except as otherwise specifically authorized by law, all counterpart funds of local currencies created by section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, and by Acts supplementary or amendatory thereto shall be expended only on programs to

carry out the purposes for which new funds authorized by this Act would themselves be available."

SEC. 8. The Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), is further amended as follows:

(a) Before the period at the end of the proviso in the first sentence of section 403 (d), which authorizes the furnishing of \$1,000,000,000 worth of excess equipment to foreign nations, insert a comma and the words "and after June 30, 1952, by an additional \$200,000,000".

(b) Change section 408 (e), concerning reimbursable aid, to read as follows:

"(e) (1) The President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, materials, or services to: (A) nations eligible for assistance under title I, II, III, or IV of the Mutual Security Act of 1951; (B) a nation which has joined with the United States in a collective defense and regional arrangement; (C) any international military organization or headquarters if, in the opinion of the President, such assistance will further the purposes of this Act; or (D) any other nation not eligible to join a collective defense and regional arrangement referred to in clause (B) above, but whose ability to defend itself or to participate in the defense of the area of which it is a part, is important to the security of the United States: Provided, That, prior to the transfer of any equipment, materials, or services to a nation under this clause (D), it shall provide the United States with assurance that such equipment, materials, or services are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in the United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state: Provided further, That, in the case of any such transfer, the President shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

"(2) Whenever equipment or material is transferred from the stocks of, or services are rendered by any agency, to any nation or international organization as provided in paragraph (1) above, such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter. The fair value for the purpose of this paragraph shall not be less for the various categories of equipment or materials than the value as defined in subsection (c) of section 403: Provided, That with respect to excess equipment or materials the fair value may not be determined to be less than the value specified in paragraph (1) of that subsection plus (a) 10 per centum of the original gross cost of such equipment or materials; (b) the scrap value; or (c) the market value, if ascertainable, whichever is the greater. Before a contract is entered into, or rehabilitation work is undertaken, such nation shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts

and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid the United States by such nations, shall at no time exceed \$700,000,000.*

"(3) The provisions of section 409 of this Act shall not apply to equipment, materials, and commodities made available under this subsection."

SEC. 9. Section 115 of the Economic Cooperation Act of 1948, as amended, is amended as follows:

(a) Before the period at the end of paragraph (6) of subsection (b) insert a colon and the following: *"And provided further, That whenever funds from such special account are used by a country to make loans all funds received in repayment of such loans shall be redeposited in such special account"*.

(b) In subsection (h) strike out *"5 per centum"* and insert in lieu thereof *"10 per centum"*.

(c) At the end of such section add a new subsection as follows:

"(k) Of the funds appropriated pursuant to section 101 (a) (2) of the Mutual Security Act of 1951, as amended, (1) \$100,000,000 shall, to the maximum extent practicable consistent with the accomplishment of the policies and purposes of the Mutual Security Act of 1951, as amended, be expended in such manner and subject to such agreements as may be necessary to assure that the amounts of local currencies deposited under subsection (b) (6) as a result of such expenditure shall be used exclusively, in accordance with principles developed by the Administrator, to establish revolving funds which shall be available for making loans, and otherwise to carry out programs in furtherance of the objectives of section 516 of the Mutual Security Act of 1951, with a view to stimulating free enterprise and the expansion of the economies of those countries with equitable sharing of the benefits of increased production and productivity between consumers, workers, and owners; and (2) the Director for Mutual Security is authorized to transfer not exceeding \$2,500,000 to the Organization for European Economic Cooperation, to be used on terms and conditions to be specified by the Director in order to promote the objectives of section 516 of the Mutual Security Act of 1951, as amended."

SEC. 10. The Act for International Development is amended as follows:

(a) At the end of section 404 (b), as amended, which relates to contributions of not to exceed \$13,000,000 for 1952 to international organizations for technical cooperation programs, add the following proviso: *"Provided further, That for the fiscal year 1953 not to exceed \$15,708,750 is authorized to be appropriated to the President for use in making contributions under this subsection."*

(b) Change section 413 (a) thereof, which concerns the appointment of the Administrator of the Technical Cooperation Administration at a salary of \$15,000, to read as follows:

"(a) The President shall appoint, by and with the advice and consent of the Senate, an Administrator for Technical Cooperation, who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$16,000 per annum. The President may

also appoint, by and with the advice and consent of the Senate, a Deputy Administrator for Technical Cooperation who shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Technical Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator. The Deputy Administrator shall receive compensation at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum."

SEC. 11. Section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 App. U. S. C. 1641), is amended by striking out in the first sentence thereof "acquired as a result of such surplus property disposals," and inserting in lieu thereof "held or available for expenditure by the United States or any agency thereof (or deposited pursuant to agreements entered into pursuant to section 115 (b) (6) and 115 (h) of the Economic Cooperation Act of 1948, as amended), and not required by law or agreement with such government to be expended or used for any other purpose,".

SEC. 12. There is hereby authorized to be appropriated to the President not to exceed \$16,481,000 to enable him to make contributions to the United Nations International Children's Emergency Fund until December 31, 1953, in such manner and on such terms and conditions as he may deem to be in the interests of the United States to support international children's welfare work: Provided, That the contributions shall be made in such a manner as to give assurance that they will not exceed 33½ per centum of contributions from all governments, including contributions made by governments for the benefit of persons located within territories under their control: Provided further, That none of the funds authorized shall be used in duplication of the activities of other agencies of the United Nations.

And the Senate agree to the same.

JAS P. RICHARDS,
MIKE MANSFIELD,
THOMAS E. MORGAN,
R. B. CHIPERFIELD,
JOHN M. VORYS,
Managers on the Part of the House.

TOM CONNALLY,
WALTER F. GEORGE,
THEODORE FRANCIS GREEN,
ALEXANDER WILEY,
H. ALEXANDER SMITH,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

THE FUND AUTHORIZATIONS

The total amount authorized in the House bill was \$6,174,600,000. The amount authorized by the Senate amendment was \$6,720,861,500, or \$546,261,500 more than the sum carried in the House bill.

The committee of conference has agreed on a total of \$6,447,730,750.

This amount was reached by dividing equally the difference in each authorization between the two Houses. Thus, \$273,130,750 was added to the House authorization; an identical sum was subtracted from the Senate authorization.

The agreement provides for all titles a total of \$4,598,424,500 for military assistance and a total of \$1,805,288,500 for economic and technical assistance. The military assistance authorization is \$2,424,500 more than the total in the House bill. The sum authorized for economic and technical assistance in the agreement is \$268,488,500 more than the total in the House bill.

Four other items—United Nations technical assistance, emigration of surplus manpower from Europe, ocean freight on relief packages, and the Children's Fund—carry authorizations totaling \$44,017,750, a sum which also represents an equal adjustment between the House and the Senate authorizations.

The nonmilitary sums for title II (Near East and Africa) and for title III (Asia and Pacific) are subdivided. The House bill and Senate amendment carried this subdivision for title II; only the House bill had this provision for title III. The Senate adopted the House position in the latter title. Thus, specific sums are allocated for programs to be carried out under the Technical Cooperation Administration and under the Mutual Security Agency.

The House bill provided for the carry-over of unobligated balances. The Senate amendment provided for the carry-over of unexpended balances. In view of the fact that previous acts carried over unexpended balances, it was the opinion of the committee of conference that this was better understood and would cause fewer administrative problems. Hence, the Senate language is retained in the conference agreement.

The following tables show the breakdown of the agreed amounts:

TABLE I.—*Authorization by title*

Title I— <i>Europe:</i>	
Military.....	\$3, 415, 614, 750
Defense support.....	1, 282, 433, 000
Total.....	4, 698, 047, 750
Title II— <i>Near East and Africa:</i>	
Military.....	560, 316, 500
Technical assistance.....	50, 822, 750
Arab refugees.....	60, 063, 250
Israel refugees.....	70, 228, 000
Total.....	741, 430, 500
Title III— <i>Asia and Pacific:</i>	
Military.....	564, 807, 500
Economic.....	202, 778, 250
Technical assistance.....	118, 634, 250
Total.....	886, 220, 000
Title IV— <i>Latin America:</i>	
Military.....	57, 685, 750
Technical assistance.....	20, 329, 000
Total.....	78, 014, 750
Other:	
United Nations technical assistance.....	15, 708, 750
Emigration of surplus manpower from Europe.....	9, 240, 500
Ocean freight for relief packages.....	2, 587, 500
United Nations International Children's Emergency Fund.....	16, 481, 000
Grand total.....	6, 447, 730, 750

TABLE II.—*Authorization by type*

	Military	Economic	Total
Title I.....	\$3, 415, 614, 750	\$1, 282, 433, 000	\$4, 698, 047, 750
Title II.....	560, 316, 500	181, 114, 000	741, 430, 500
Title III.....	564, 807, 500	321, 412, 500	886, 220, 000
Title IV.....	57, 685, 750	20, 329, 000	78, 014, 750
	4, 593, 424, 500	1, 805, 283, 500	6, 403, 713, 000
Other:			
United Nations technical assistance.....			15, 708, 750
Emigration of surplus manpower from Europe.....			9, 240, 500
Ocean freight for relief packages.....			2, 587, 500
United Nations International Children's Emergency Fund.....			16, 481, 000
			6, 447, 730, 750

TABLE III.—Authorization by comparison

	Executive request	House authorization	Percent reduction	Senate authorization	Percent reduction	Difference between House and Senate authorizations	Conference agreement	Percent reduction from Executive request
Europe:								
Military.....	\$4,145,000,000	\$3,316,000,000	20.0	\$3,515,229,700	15.2	Senate \$199,229,500 more than House	\$3,415,614,750	17.6
Defense support.....	1,819,200,000	1,022,000,000	43.8	1,542,866,000	15.2	Senate 520,866,000 more than House	1,282,433,000	29.3
Near East:								
Military.....	606,370,000	606,370,000	0	514,263,000	15.2	House 92,107,000 more than Senate	560,316,500	7.6
Technical assistance.....	55,000,000	55,000,000	0	46,645,500	15.2	House 8,354,500 more than Senate	50,822,750	7.6
Arab refugees.....	65,000,000	65,000,000	0	55,126,500	15.2	House 9,873,500 more than Senate	60,063,250	7.6
Israeli refugees.....	76,000,000	76,000,000	0	64,456,000	15.2	House 11,544,000 more than Senate	70,228,000	7.6
	196,000,000	196,000,000	0	166,228,000	15.2	House 20,772,000 more than Senate	181,114,000	7.6
Asia:								
Military.....	611,230,000	611,230,000	0	518,385,000	15.2	House 92,845,000 more than Senate	564,807,500	7.6
Economic.....	1,258,000,000	203,500,000	19.1				202,778,250	21.4
Technical assistance.....	150,000,000	188,000,000	41.3				1118,634,250	20.9
	108,000,000	290,800,000	27.3	346,025,000	15.2	Senate 49,225,000 more than House	321,412,500	21.2
Latin America:								
Military.....	62,400,000	62,400,000	0	52,971,500	15.2	House 9,428,500 more than Senate	57,635,750	7.6
Technical assistance.....	22,000,000	22,000,000	0	18,658,000	15.2	House 3,342,000 more than Senate	20,329,000	7.6
UN technical assistance.....	17,000,000	17,000,000	0	14,417,500	15.2	House 2,582,500 more than Senate	15,708,750	7.6
Emigration of surplus manpower from Europe.....	10,000,000	10,000,000	0	8,841,000	15.2	House 1,519,000 more than Senate	9,240,500	7.6
Ocean freight for relief packages.....	2,800,000	2,800,000	0	2,375,000	15.2	House 425,000 more than Senate	2,557,500	7.6
Total.....	7,900,000,000	6,162,600,000	22.0	6,699,899,500	15.2	Senate 537,299,500 more than House	6,431,249,750	18.6
UNICEF.....		12,000,000		20,962,000		Senate 8,962,000 more than House	16,481,000	
Grand total.....		6,174,600,000		6,720,861,500			6,447,730,750	

Includes Burma and Indonesia.

REPEAL OF THE ECONOMIC COOPERATION ACT—SECTION 7 (c)

The House bill provided for the repeal of the Economic Cooperation Act of 1948, as amended (Public Law 472, 80th Cong.), except for certain enumerated sections which were to be continued to enable the Director for Mutual Security to carry out the duties conferred on him by section 503 of the Mutual Security Act of 1951. The Senate amendment included no such provision.

The conference agreement provides for retaining those sections of the Economic Cooperation Act which are set forth in the House bill and adds certain others to insure that the Director for Mutual Security will not be handicapped in carrying out the program. These additional sections include provision for continuing the present status of Mutual Security Agency missions abroad and for the Director for Mutual Security to terminate assistance when recipient countries do not carry out their agreements with the United States. In addition, a number of conforming amendments are incorporated in the conference agreement which were made necessary by the repeal of the Economic Cooperation Act.

REDUCTION IN PERSONNEL—SECTION 7 (f)

The House bill provided for a 10 percent reduction from the level of January 1, 1952, in personnel engaged in carrying out the United States program. The Senate amendment contained no such provision. The conference agreement changes the date on which the reduction is to be based to June 1, 1952, and provides for a 5 percent reduction.

The committee of conference believes that this action is necessary to insure that adequate personnel will be provided to carry out programs in countries where agreements are just being completed preparatory to beginning operations. It should be noted that the reduction provided for in this section applies to personnel employed by the Departments of State and Defense and the Mutual Security Agency.

Point IV program activities are carried out through participating agencies as well as the Department of State's Technical Cooperation Administration. These agencies maintain substantial staffs in Washington as well as the TCA headquarters. These agencies should take steps to reduce their staffs. It is the intent of the committee of conference that all staffs in Washington concerned with Point IV should be brought to reasonable levels. The committee of conference expects the Administrator of Technical Cooperation to see that this is achieved.

MOVEMENT OF MIGRANTS—SECTION 7 (M) (NEW SEC. 534)

Both the House bill and the Senate amendment contained a provision authorizing a contribution of funds by the United States to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe (PICMME). The Senate amendment authorized the appropriation in the alternative to "any successor organization." The House bill contained no such alternative authorization and in addition contained a proviso denying salary or expenses to the Director General of the Committee if a former employee of UNRRA or the IRO. The Senate amendment contained no such proviso.

The conference agreement omits the phrase "or to any successor organization" and the House proviso. The phrase "or to any successor organization" is unnecessary. It is the intent of the committee of conference that the United States participate in and contribute to PICMME whether the word "Provisional" appear in the title of the organization or not. This has already been made amply clear in House Report 1922, at page 59.

The intent contained in the conference report on the Mutual Security Act of 1951 is repeated here that none of the funds made available for the movement of migrants shall be allocated to any international organization—

which has in its membership any Communist, Communist-dominated or Communist-controlled country, to any subsidiary thereof or to any agency created by or stemming from such organization.

OCEAN FREIGHT CHARGES ON RELIEF PACKAGES—SECTION 7 (M) (NEW SEC. 535)

Both the House bill and the Senate amendment continued the authority of the Government to pay ocean freight charges on shipments of relief supplies overseas. The Senate amendment, in addition, contained a proviso granting similar authority in the case of shipments by voluntary nonprofit relief agencies (registered with and approved by the Advisory Committee on Foreign Aid) to any country eligible for economic or technical assistance under the Mutual Security Act. The conference agreement retains the language of the Senate amendment.

INFORMATIONAL MEDIA GUARANTIES—SECTION 7 (M) (NEW SEC. 536)

Both the House bill and the Senate amendment authorized continuation of the informational media guaranty program. The House bill also contained a similar provision concerning investment guaranties.

The conference agreement omits the House provision on investment guaranties, since such a program is elsewhere in the conference agreement specifically required to be continued beyond June 30, 1952 (sec. 7 (c)).

OCEAN SHIPPING AND REIMBURSABLE AID—SECTION 8 (B)

The Senate amendment contained a provision making section 409 of the Mutual Defense Assistance Act of 1949, as amended, which requires that 50 percent of the equipment and material made available under that act be carried in United States flag vessels, inapplicable to equipment, material, and commodities made available to foreign nations on a reimbursable basis. The House bill contained no such provision.

The committee of conference decided that since, in the case of reimbursable aid, a foreign country is purchasing material with its own funds, it is not proper to require such a country to ship 50 percent of this material on United States flag vessels. The conference agreement retains the Senate language to make clear that the 50-percent requirement is not applicable to material, equipment, and commodities furnished under section 408 (e) of the Mutual Defense Assistance Act of 1949, as amended, which deals with reimbursable aid.

INCREASING THE AVAILABILITY OF COUNTERPART FUNDS FOR THE
PROCUREMENT OF STRATEGIC MATERIALS—SECTION 9 (B)

The House bill provided that whatever sums were necessary to meet United States expenditures for strategic materials should be made available from the counterpart funds deposited in each country. The Senate amendment contained no such provision. Under subsection 115 (h) of the Economic Cooperation Act of 1948, as amended, not less than 5 percent of the counterpart has been set aside for strategic materials and for other expenses of the United States Government. In general, this 5-percent provision has been made by bilateral agreement a ceiling for the amount available for strategic materials.

The committee of conference recognized the desirability of increasing the availability of counterpart for the procurement of strategic materials. It was believed, however, that this objective could be better accomplished with less disruption to the normal commercial trade in such materials by amending subsection 115 (h) to increase the percentage set aside for such purposes from 5 to 10 percent, rather than by the provision included in the House bill. The conference agreement includes such a provision. It is intended that the 10 percent should be a minimum, not a maximum.

LIMITATION ON FUNDS FOR PROPAGANDA—SECTION 7 (M) (NEW SEC.
537)

The Senate amendment provided that no funds authorized or counterpart funds could be used to pay for the travel of United States citizens outside the United States for purposes of publicizing the Mutual Security Program in the United States or for other expenses of disseminating in the United States general propaganda in support of the Mutual Security Program. The House bill contained no such provision. The conference agreement includes the language of the Senate amendment.

The committee of conference recognized the desirability of preventing any use of funds for propaganda in support of the Mutual Security Program. At the same time there should not be any interference with the supplying of full information to the Congress and to the public concerning the operations of the Mutual Security Program. The committee of conference believes that it is possible for those responsible for the administration of the Mutual Security Act to maintain a sharp distinction between propaganda and the supplying of information as to the results attained under the program, and that this section of the conference agreement should not interfere with the recognized procedures for keeping the public and the Congress informed.

SMALL BUSINESS—SECTION 7 (M) (NEW SEC. 538)

The Senate amendment provided for amending the Mutual Security Act to establish an Office of Small Business and to give direction to the Director for Mutual Security to insure that small independent enterprises will share equitably in furnishing supplies financed by the Mutual Security Program. Similar provisions were already in the

Economic Cooperation Act of 1948, and the Director for Mutual Security has been carrying out these provisions as a consequence of his assumption of the powers, functions, and responsibilities of the Administrator for Economic Cooperation, as provided in section 502 of the Mutual Security Act of 1951. No such provision was included in the House bill.

The committee of conference believes that the transfer of provisions spelling out the responsibilities of the Director for Mutual Security for small business from the Economic Cooperation Act to the Mutual Security Act gives desirable assurance of the continuation of operations under these provisions. In addition, language has been included to insure that small business will share equitably in the programs of the Technical Cooperation Administration. The conference agreement contains the provisions of the Senate amendment with certain modifications for purposes of clarification.

LIMITATION ON USE OF COUNTERPART FUNDS—SECTION 7 (M) (NEW SEC. 539)

The Senate amendment provided that "except as otherwise provided by this Act" counterpart funds should be used only for projects of military assistance or defense support for which new funds authorized by the Mutual Security Act of 1952 would be available. No such provision was contained in the House bill.

The committee of conference recognized the desirability of the use of more counterpart funds in the defense effort, but felt that the language of the Senate amendment might prevent the use of counterpart under other acts, and for such purposes as procurement by the United States of strategic materials. All country programs administered by the Mutual Security Agency must conform to the requirements of section 503 of the Mutual Security Act of 1951 so that in such countries the Senate amendment would be appropriate, but the committee of conference felt there was the possibility that under the Senate amendment counterpart could not be used in Germany, Austria, and Trieste to carry out programs essential to the security of the United States but not strictly within the Senate limitation.

The conference agreement modified the Senate language so that the use of counterpart is limited to the programs for which new funds authorized in the Mutual Security Act of 1952 would be available, except as other uses of counterpart are specifically authorized by law.

COUNTERPART TO ENCOURAGE FREE ENTERPRISE—SECTION 9 (c).

The House bill and the Senate amendment contained provisions setting aside counterpart funds (in the value of not less than \$100,000,000 in the House bill and \$150,000,000 in the Senate amendment) for programs furthering the free enterprise objectives of section 516 of the Mutual Security Act of 1951. The House bill directly earmarked the counterpart. The Senate amendment provided that \$150,000,000 of dollar aid shall be furnished under agreements which will assure that the counterpart derived therefrom shall be used for section 516 purposes. The Senate amendment further provided that the counterpart funds shall be used to establish revolving funds in the respective countries, which shall be available for making loans and otherwise to carry

out section 516 programs. The Senate amendment further authorized the transfer of not to exceed \$2,500,000 to the Organization for European Economic Cooperation (OEEC) to promote the objectives of section 516.

The conference agreement follows the Senate language, except that the words "in the respective countries" are omitted and the amount is cut down from \$150,000,000 to the House figure of \$100,000,000. The omission of these words will permit greater flexibility in the use of the revolving fund mechanism. The amount of \$100,000,000 should be sufficient to make possible a substantial implementation of the objectives of section 516.

COUNTERPART FUNDS FOR EXCHANGE PROGRAMS UNDER FULBRIGHT ACT—SECTION 11

The Senate amendment contained a section amending the Surplus Property Act of 1944 by making it possible for limited amounts of counterpart funds acquired in connection with the foreign-aid programs to be used for the exchange programs authorized by the Fulbright Act. The House bill contained no such provision. The conference agreement adopts the Senate language.

CONTRIBUTIONS TO UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND—SECTION 12

Both the House bill and the Senate amendment made provision for a contribution by this Government to UNICEF. In making such money available it was recognized that presidential discretion as to specific sums and specific conditions was desirable. The committee of conference agreed, however, that in no case should United States contributions exceed one-third of the contributions from all governments, including contributions made by governments for the benefit of persons located within territories under their control. This was one of the conditions upon which the House approved the provision. To assure the most effective use of the money the committee of conference also agreed to another House proviso that none of the funds could be used in duplication of the activities of other agencies of the United Nations. The conferees recognized the necessity for the closest cooperation between the United Nations agencies connected with health, feeding, and educational activities, all of which might affect children, and that there might be an interchange of activities under special circumstances in a given area, but felt that this was no reason for duplication of activities by the Children's Fund. Since the United Nations operates on a calendar year basis and because the General Assembly will review the whole program in the fall of 1953, the terminal date in the House bill, December 31, 1953, was adopted in the conference agreement.

LIMITING SUPPLIES AND EQUIPMENT UNDER ACT FOR INTERNATIONAL DEVELOPMENT

The committee of conference eliminated a House provision limiting dollar expenditures under the Act for International Development for the program in any country in any fiscal year for supplies and equip-

ment to not more than three times the dollar costs for personnel. In dropping this provision the committee of conference considered the reduction in funds for TCA a sufficiently limiting factor for this year. The committee reports of the House and Senate noted with concern the increasing ratio of supplies and equipment to personnel—4 to 1, and both bodies have expressed the view that it is not desirable to go beyond this ratio. But the proper limit cannot be effectively expressed by a mathematical ratio. Fundamentally the technical assistance program is one of teaching and showing; supplies and equipment beyond those necessary for demonstration purposes will convert this into a type of world-wide economic aid program our country cannot afford. This should provide adequate notice to the Administrator as to the legislative intent of this program.

INTERNATIONAL FINANCE CORPORATION

The House bill contained a provision permitting the Director for Mutual Security to subscribe up to \$100,000,000 to the capital of an International Finance Corporation, should it be created, as an affiliate of the International Bank for Reconstruction and Development. The Senate amendment contained no such provision.

This is omitted in the conference agreement. The committee of conference was of the view that such a provision, while desirable, is premature, since no definitive study has been made of the subject and it is highly doubtful that any funds could be used for such a purpose during fiscal year 1953.

OFFSHORE PROCUREMENT

The House bill provided that not less than \$1,000,000,000 of the military assistance funds made available by the bill shall be expended for procurement of military end items from sources outside the United States. The Senate amendment contained no such requirement. The conference agreement omits the provision. Section 401 of the Mutual Defense Assistance Act of 1949, as amended, already includes authority for offshore procurement. The committee of conference expects that this authority will be utilized when, and to the extent that, it is to the advantage of the Mutual Security Program to do so.

EXPORTS TO THE SOVIET UNION AND ITS SATELLITES

The Senate amendment included a provision that no economic, financial, or military assistance should be provided to any country knowingly permitting the export of arms, military matériel, or commodities likely to be used in the manufacture of arms or armament to the Soviet Union or its satellites. This section also provided for the repeal of the Mutual Defense Assistance Control Act of 1951 (Public Law 213, 82d Cong.—Battle Act). The conferees felt that proper implementation of the Mutual Defense Assistance Control Act would provide a more workable solution to the problem and did not include this section in the conference agreement.

The committee of conference, however, expressed dissatisfaction with the progress made so far in bringing under control shipments to the Soviet bloc from countries which receive United States assist-

ance. The committee of conference also was concerned that the operation of the control of trade with countries behind the iron curtain was still dispersed among several departments and agencies in Washington and that the centralization of administration which had been anticipated under the Battle Act had not been completely put into effect. The committee of conference examined figures showing substantial reductions in East-West trade in strategic materials since the Battle Act went into effect and found that substantial progress was being made in eliminating this trade. It was recognized that during the short time the Battle Act has been in effect a basis has been laid for reducing the volume of shipments to Russia and the satellites and that the results of preparatory work have not yet had time to become fully apparent.

JAS. P. RICHARDS,
MIKE MANSFIELD,
THOMAS E. MORGAN,
R. B. CHIPERFIELD,
JOHN M. VORYS,

Managers on the part of the House:

○



House of Representatives

WEDNESDAY, JUNE 4, 1952

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou infinite and eternal God, we rejoice that Thou art able and willing to give us the wisdom and strength which we need for the duties and responsibilities of each new-born day.

Humbly and reverently we are waiting upon Thee as we again hold counsel together in this Chamber. May we honestly seek to know Thy will and apply it to all our problems.

Grant that in spite of the contradictions and confusion of life and its fears and frustrations we may continue to trust that Thou art God over all, transcendent and triumphant.

Help us to place our confidence in Thy promises that Thou wilt never forsake the righteous and wilt always keep them in perfect peace whose minds and hearts are stayed on Thee.

In Christ's name we offer our prayer. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 7072. An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1953, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAYBANK, Mr. O'MAHONEY, Mr. McKELLAR, Mr. HILL, Mr. McMAHON, Mr. SALTONSTALL, Mr. BRIDGES, and Mr. FERGUSON to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3276. An act to amend the act entitled "An act to assist Federal prisoners in their rehabilitation."

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 7340. An act to amend and supplement the Federal-Aid Road Act, approved

July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requested a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CHAVEZ, Mr. HOLLAND, Mr. KERR, Mr. CAIN, and Mr. CASE to be the conferees on the part of the Senate.

HOUR OF MEETING TOMORROW

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

FEDERAL-AID ROAD ACT

Mr. FALLON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7340) to amend and supplement the Federal-Aid Road Act approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Maryland? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. FALLON, TRIMBLE, DEMPSEY, JONES of Alabama, DONDERO, MCGREGOR, and ANGELL.

THE TIDELANDS ISSUE

(Mr. ROGERS of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGERS of Texas. Mr. Speaker, the Washington Post this morning carried a column by Mr. Marquis Childs which is representative of a total lack of knowledge or a gross misrepresentation of the tidelands issue. The article borders on propaganda tending to confuse the issues and to lend unqualified support to the Federal Government in an unconscionable theft of State property. I particularly call attention to the second and third paragraphs of this article. In speaking of the tidelands question, Mr. Childs refers to "vast oil wealth under coastal waters off California, Texas, and Louisiana." In treating this misrepresented subject he says, and I quote:

Powerful interests pushed through a bill giving this wealth beyond the tidal line to the States off whose shores it lies.

Anyone having the faintest conception of the tidelands question knows that this is at best a half-truth and could easily be misconstrued and misunderstood. Mr. Childs does not attempt to name the powerful interests to which he refers. As a Texan and a staunch supporter of the legislation to correct the grievous wrong worked upon the several States by the unwarranted decision of the Supreme Court that undertook to underwrite this Federal grab, I say that the Federal Government never owned the tidelands off Texas' coast, does not own them now, and never asserted any claim to them until some power seeking greed conscious politicians thought they detected the smell of oil and gas in some of those lands. I further add that reference to powerful interests having anything to do with this legislation is a reflection on the Members of this Congress and an attempt to hide the true issues involved behind a smoke screen of unfounded insinuations. And if there are special or powerful interests involved, it is the duty of those who know the identity of these so-called interests to divulge their names and their activities to the American people. Let them come forward with the same kind of truth that the people of Texas have presented in this controversial issue. Mr. Childs' column reflects the same lack of knowledge or misrepresentation of the issues as the President's veto message.

TIDELANDS OIL BILL

(Mr. VURSELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VURSELL. Mr. Speaker, I want to compliment the gentleman from Texas, and to point out that the St. Louis Post-Dispatch quoted me in an editorial as not voting, and criticized other Members from Illinois for voting for the tidelands bill. I want the Post-Dispatch to know that I did vote on May 15 and am so recorded, for the tidelands bill. I have voted for all tidelands bills of the past, and I am proud of it.

Further, when they talk about taking away oil lands from the Federal Government the facts are the bill does not take anything away from the Federal Government. The bill only attempts to prevent the Federal Government from taking the submerged and tidelands away from the States, which they have owned for over 50 years. We in this Congress are only trying to prevent the Federal Government, that now owns one-fourth

of the land of the United States, from going further in this encroachment against the States.

May I point out that General Eisenhower, General MacArthur, Senator Taft, and two-thirds of the Members of this Congress, who favor this legislation, do not think it will hurt national defense. Nearly all the governors of the States, and 46 of the attorney generals of the States, have favored previous legislation and the present bill.

And the United States Chamber of Commerce, who are a rather able group of citizens, favor this legislation and this week have written all Members of the House urging we vote to override the President's veto of this legislation.

MUTUAL SECURITY BILL

MR. PRIEST. Mr. Speaker, I ask unanimous consent that the managers on the part of the House in conference on the mutual security bill may have until midnight tonight to file a conference report.

THE SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

(The conference report and statement follow:)

CONFERENCE REPORT (H. REPT. No 2031)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Mutual Security Act of 1952'."

"SEC. 2. Section 2 of the Mutual Security Act of 1951 is amended by inserting '(a)' after the section number and by adding at the end thereof a new subsection as follows:

"(b) The Congress welcomes the recent progress in political federation, military integration, and economic unification in Europe and reaffirms its belief in the necessity of further vigorous efforts toward these ends as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures for political federation, military integration, and economic unification in Europe. Appropriations made pursuant to paragraphs 101 (a) (1), relating to military assistance, and 101 (a) (2), relating to defense support and economic assistance, of this Act may be used, pursuant to the applicable terms and conditions of the Mutual Defense Assistance Act of 1949, as amended, and of section 503 of this Act, respectively, to furnish assistance (including, in the case of amounts available pursuant to paragraph 101 (a) (2), transfers of funds) to any of the following organizations: (A) The North Atlantic Treaty Organization, (B) the European Coal and Steel Community, (C) the organization which may evolve from current international discussions concerning a European defense community."

"SEC. 3. Title I (relating to Europe) of the Mutual Security Act of 1951 is amended as follows:

"(a) In paragraph 101 (a) (1), insert 'for Spain,' after 'parties to the North Atlantic Treaty'."

"(b) At the end of section 101 (a) (1), which relates to military assistance for Europe, add the following new sentence: 'There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$3,415,614,750, for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) to countries eligible for assistance under this paragraph; and in addition unexpended balances of any appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.'"

"(c) Amend section 101 (a) (2), which relates to defense support and economic assistance for Europe, to read as follows: 'There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$1,282,433,000 to provide assistance to any country covered by paragraph (1) of this subsection and to any other country covered by section 503 of this Act in accordance with the provisions of such section; and in addition unexpended balances of appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.'"

"(d) At the end of section 101, add the following new subsection:

"(c) Not less than \$25,000,000 of the funds made available under authority of subsections (a) and (b) of this section shall be used for economic, technical, and military assistance to Spain in accordance with the provisions of this Act. Unexpended balances of appropriations made available for assistance to Spain pursuant to this section by the Act of October 31, 1951 (Public Law 249, Eighty-second Congress), are authorized to be continued available until June 30, 1953."

"SEC. 4. Title II (relating to the Near East and Africa) of the Mutual Security Act of 1951 is amended as follows:

"(a) At the end of section 201, which relates to military assistance for the Near East area, add the following new sentence: 'There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$560,316,500, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.'"

"(b) Amend section 203, which relates to economic and technical assistance for the Near East and Africa, to read as follows: 'In order to further the purpose of this Act in Africa and the Near East there is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$50,822,750 to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized. Funds appropriated pursuant to this section shall be available under the applicable provisions of section 503 of this Act and the Act for International Development (22 U. S. C. 1557).'"

"(c) After section 205 add the following new section:

"SEC. 206. In addition to the amounts authorized by section 203, there is hereby authorized to be appropriated not to exceed \$60,063,250 for carrying out the purposes and provisions of section 204 of this Act, relating to Palestine refugees, during the fiscal year

1953; and not to exceed \$70,228,000 for carrying out the purposes and provisions of section 205 of this Act, relating to refugees in Israel, during the fiscal year 1953: *Provided*, That amounts appropriated pursuant to this section which the President finds cannot be effectively expended to carry out the purposes and provisions of sections 204 and 205 may be transferred to and merged with the appropriations authorized by section 203."

"SEC. 5. Title III (relating to Asia and the Pacific) of the Mutual Security Act of 1951 is amended as follows:

"(a) At the end of section 301, which relates to military and other assistance for Asia and the Pacific, add the following new sentence: 'There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$564,807,500, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.'"

"(b) In the second sentence of section 302 (a), which relates to economic and technical assistance for Asia and the Pacific, strike out the words 'the applicable provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), and' and insert in lieu thereof 'the applicable provisions of section 503 of this Act and the applicable provisions' and at the end of such subsection add the following new sentence: 'There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$202,778,250, to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of section 503 of this Act and not to exceed \$118,634,250 to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of the Act for International Development (Public Law 535, Eighty-first Congress); and in addition unexpended balances of any appropriations heretofore made pursuant to this subsection are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.'"

"(c) At the end of section 302 (b), concerning Chinese and Korean students in the United States, add the following new sentence: 'Unexpended balances of allocations heretofore made to the Secretary of State pursuant to that proviso shall be continued available until expended.'"

"(d) In the first sentence of section 303 (a), authorizing the appropriation of \$45,000,000 for Korean relief, after the words 'to be appropriated to the President' insert the words 'for the fiscal year 1953.'"

"(e) In the second sentence of section 303 (a) strike out '1952' and insert '1953'."

"(f) Immediately before the last sentence of section 303 (a) insert the following: 'In addition, the United States Department of the Army is hereby authorized to make available to the United Nations Korean Reconstruction Agency, at the time when that agency assumes full responsibility for relief and rehabilitation in Korea, goods and services of a value not to exceed \$67,500,000 which the Department of the Army then has on hand or on order for civilian relief in Korea and which the President determines should be contributed by the United States to the United Nations Korean Reconstruction Agency for use in its relief and rehabilitation operations in Korea. The value of goods and services made available pursuant to the preceding sentence shall be credited toward the contribution to be made by the United States to the United Nations Korean Reconstruction Agency.'"

"(g) The last sentence of section 303 (b), which provides for reduction in United States contributions to Korean relief by the

amounts made available by United States agencies, is hereby repealed.

"Sec. 6. Title IV (relating to Latin America) of the Mutual Security Act of 1951 is amended (1) by adding at the end of the center heading 'AND NON-SELF-GOVERNING TERRITORIES OF THE WESTERN HEMISPHERE', (2) by inserting after 'Republics' in section 402 the words 'and non-self-governing territories of the Western Hemisphere', and (3) by adding at the end of such title the following new section:

"Sec. 403. In addition to the amounts heretofore authorized and appropriated, there are hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$57,685,750 to carry out the purposes and provisions of section 401, which relates to military assistance for Latin America, and not to exceed \$20,329,000 to carry out the purposes and provisions of section 402, which relates to technical assistance for Latin America. In addition, unexpended balances of the appropriation heretofore made pursuant to each such section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the applicable appropriation authorized by this section."

"Sec. 7. Title V (relating to organization) of the Mutual Security Act of 1951 is amended as follows:

"(a) Section 522, which requires that at least 10 per centum of the funds for aid pursuant to the Economic Cooperation Act of 1948, as amended, be in the form of loans, is hereby repealed.

"(b) In paragraph (3) of section 501 (a), insert before the period at the end thereof the following: 'and the supervision, coordination, and evaluation of all reports prepared by agencies of the United States Government in the course of their operations under this Act, in order to prevent duplication of effort and to insure a reduction of reporting requirements to the minimum essential for effective operation'.

"(c) Amend section 503 by inserting '(a)' after '503', by redesignating paragraphs (a), (b), and (c) as (1), (2), and (3), respectively, and by adding at the end thereof the following new subsection:

"(b) (1) Except as provided in paragraph (2), the Economic Cooperation Act of 1948, as amended, is repealed.

"(2) Of the powers, functions, and responsibilities transferred to the Director for Mutual Security by section 502 (b) (2) of this Act, only those which are exercised pursuant to the provisions of the Economic Cooperation Act of 1948, as amended, enumerated in paragraph (3) of this subsection and are not in conflict with the other provisions of this Act, as amended, may be exercised after June 30, 1952. Of the powers, functions, and responsibilities conferred on the President or the Secretary of State by the Economic Cooperation Act of 1948, as amended, only those conferred by the provisions of that Act, as amended, which are referred to in paragraph (3) of this subsection may be exercised after June 30, 1952.

"(3) The provisions of the Economic Cooperation Act of 1948, as amended, referred to above are the following: Sections 104 (e) and (f); 105 (c); 107; subsections (a), (c), and (d) of section 109; 110 (a) and (b); 111; 112; 113; subsections (d), (h), and (i) of section 114; 115 (a); 115 (b); except the first sentence thereof; subsections (d), (h), and (j) of section 115; section 117 (c); 118, 119; 120; and subsection (a) of section 121. Where any of the above provisions refer to the purposes of the Economic Cooperation Act of 1948, as amended, such reference shall be deemed to be to the purpose of this Act, as amended."

"(d) In section 504 (a), strike out all after 'Senate' and insert in lieu thereof a period and the following sentences: 'The Deputy Director shall receive compensation

of \$17,500 per annum. The Special Representative in Europe shall receive the same compensation and allowances as a Chief of Mission, class 1, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and have the rank of Ambassador Extraordinary and Plenipotentiary. The Deputy Special Representative in Europe shall be entitled to receive the same compensation and allowances as a Chief of Mission, class 3, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and have the rank of Ambassador Extraordinary and Plenipotentiary."

"(e) In section 504 (c), (1) strike out 'transferred to or employed by the Mutual Security Agency' and insert in lieu thereof 'employed in the United States on programs authorized by this Act' and (2) amend the second sentence of such subsection to read as follows: 'Such positions shall be in addition to those authorized by law to be filled by Presidential appointment and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.'

"(f) Before the period at the end of section 504 (d), insert the following: 'Provided further, That, ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this Act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 per centum less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of matériel: *Provided further*, That after the Director has determined the reduction to be effected in each agency, the determination as to which individual employees shall be retained shall be made by the head of the agency concerned'.

"(g) Amend section 506 (c) to read as follows:

"(c) Notwithstanding any other provision of law, beginning with July 1, 1952, the Secretary of Defense may furnish (subject to reimbursement from funds appropriated pursuant to this Act) military assistance out of the materials of war whose production in the United States shall have been authorized for, and appropriated to, the Department of Defense: *Provided, however*, That nothing in this Act shall authorize the furnishing of military items under this subsection in excess of \$1,000,000,000 in value. For the purposes of this subsection (1) "value" shall be determined in accordance with section 403 (c) of the Mutual Defense Assistance Act of 1949, as amended, and (2) the term "materials of war" means those goods, commonly known as military end items, which are required for the performance of their missions by armed forces of a nation, including weapons, military vehicles, ships of war under fifteen hundred tons, aircraft, military communications equipment, ammunition, maintenance parts and spares, and military hardware."

"(h) Section 511 is amended by adding the following new subsection:

"(c) (1) The Congress of the United States finds that mutual security can be realized only to the extent that the countries who receive our aid do their utmost to help themselves and cooperate among themselves and with the United States to the fullest extent in achieving the objectives of the free world. In providing assistance under this Act, the Congress of the United

States affirms the desire of the United States to continue to use its leadership and resources for the purpose of uniting the efforts of recipient countries to the end that positive accomplishments toward mutual security may be realized with a maximum of efficiency and a minimum of delay and cost.

"(2) In addition to the provisions of subsections (a) and (b) of this section, the Director, in administering this Act, shall insure that, where necessary to the mutual security effort, no country shall receive any assistance hereunder unless it take decisive action to marshal its resources collectively, or individually where more suitable, with integration and unification plans in the appropriate area, and participate in programs which promote collective security in that area. The Director shall insure that, where suitable or necessary to the success of the mutual security effort, countries take adequate steps to mobilize their industries for mutual defense and gear their fiscal, budgetary, capital, political, and military resources to the objectives of this Act and take appropriate other steps toward self-help and mutual cooperation.

"(3) Assistance shall be given on a country-by-country basis to a degree and at a rate commensurate with the rate of progress made in the attainment of the objectives of this Act."

"(1) In section 513, amend the heading to read 'SPECIAL USE OF FUNDS', insert '(a)' after Sec. 513, and add at the end of such section the following new subsection:

"(b) Not more than \$100,000,000 of the funds made available under the Mutual Security Act of 1952, of which not more than \$20,000,000 may be allocated to any one country, may be used or supplied without regard to any conditions as to eligibility contained in this Act, or any other Act for which funds are authorized by this Act, when the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination."

"(j) Amend section 514 to read as follows:

"STRATEGIC MATERIALS"

"Sec. 514. In order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world, the Director for Mutual Security is authorized to initiate projects for, and assist in procuring and stimulating increased production of, materials in which deficiencies or potential deficiencies in supply exist among nations receiving United States assistance."

"(k) Amend section 516 by inserting '(a)' after 'Sec. 516.' and by adding at the end of such section the following new subsections:

"(b) To accomplish the purpose of clause (1) of subsection (a) of this section, under the coordination of the Director for Mutual Security, the Mutual Security Agency, cooperating with private business groups and governmental agencies to the fullest extent possible, shall encourage a greater participation by private capital in the guaranty program and shall develop broad criteria to facilitate such participation, including programs consistent with the purposes of the Act for International Development.

"(c) The Department of Commerce shall, in cooperation with such groups and agencies (including the International Bank for Reconstruction and Development), conduct a thorough study of the legal and other impediments, foreign and local, to private investment abroad, and the methods and means whereby those impediments can be removed or decreased and shall make recommendations thereon to the Director for Mutual Security."

"(d) The Department of State, in cooperation with other agencies of the Government concerned with private investment abroad, and taking into account the study and recommendations described in subsection (c) of this section, shall accelerate a program of negotiating treaties of commerce and trade, or other temporary arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to countries participating in programs under this Act.

"(e) The Technical Cooperation Administration, taking into account the study and recommendations described in subsection (c) of this section, shall encourage and facilitate a greater participation by private industrial groups or agencies in private contracts awarded by the Administration, and shall, in cooperation with the Department of Commerce and the Mutual Security Agency, find and draw the attention of private enterprise to opportunities for investment and development in underdeveloped areas.

"(f) The reports required by section 518 of this Act shall include detailed information on the implementation of this section."

"(1) In section 519 (a), which permits the limited use of economic and technical assistance funds for the Near East, Africa, Asia, and the Pacific to acquire local currency, immediately after the words 'may be advanced', insert the words 'out of funds made available for assistance under section 503 of this Act'.

"(m) After section 531 add the following new sections:

"EXEMPTION FROM CONTRACT, ACCOUNTING, AND CERTAIN OTHER LAWS

"SEC. 532. The provisions of section 119 of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1517), which concern exemption from contract and accounting laws, shall apply to the performance of functions authorized by this Act.

"SEC. 533. (a) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

"(b) Officers of the United States Public Health Service and officers of the Coast and Geodetic Survey, who are assigned for duty under this Act outside the continental limits of the United States, may receive the allowances and benefits provided for officers in the Foreign Service Reserve or Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801-1204), and may also receive salary differentials as provided in that Act computed on their basic pay under the Career Compensation Act of 1949, as amended (37 U. S. C. 231-320); and, in addition to any quarters furnished them by the Government, such officers may receive, during the period of their assignment for duty outside the continental limits of the United States, the allowance payable under section 302 (f) of the Career Compensation Act of 1949, as amended (37 U. S. C. 252 (f)).

"MOVEMENT OF MIGRANTS

"SEC. 534. In order to encourage further the movement of migrants from European countries having surplus population, there is hereby authorized to be appropriated to the President \$9,240,500 for use in making contributions for the calendar year 1953 to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe

established at Brussels, Belgium, on December 5, 1951.

"OCEAN FREIGHT CHARGES ON RELIEF PACKAGES

"SEC. 535. The authority to pay ocean freight charges on shipments of relief supplies and packages under section 117 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1515 (c)), shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate: *Provided*, That this authority shall hereafter also be applicable to relief shipments by voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid to any country eligible for economic or technical assistance under this Act: *And provided further*, That not to exceed \$2,587,500 are authorized to be appropriated to the President for the fiscal year 1953 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended.

"INFORMATIONAL MEDIA GUARANTIES

"SEC. 536. The authority to make informational media guaranties under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, shall be fully continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate.

"LIMITATION ON FUNDS FOR PROPAGANDA

"SEC. 537. None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

"SMALL BUSINESS

"SEC. 538. (a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the Director for Mutual Security shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under this Act (other than funds authorized to carry out the provisions of the Mutual Defense Assistance Act of 1949, as amended) by making available or causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with funds authorized under this Act (other than funds authorized to carry out the provisions of the Mutual Defense Assistance Act of 1949, as amended), by making available or causing to be made available to prospective purchasers in the countries receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and by offering additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

"(b) There shall be continued in the Mutual Security Agency the Office of Small Business headed by the Special Assistant for Small Business to carry out the provisions of subsections (a) and (b) of this section. Each report transmitted to the Congress under section 518 shall include a report of all activities under this section. The Technical Cooperation Administration shall adopt the procedure of notifying American business, particularly small independent enterprises, of procurement and other information as far in advance as possible through the facilities of the Office of Small Business of the Mutual Security Agency. The Secretary of Defense shall assure that there is made available to

suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, such information to be furnished as far in advance as possible.

"(c) Section 112 (i) of the Economic Cooperation Act of 1948, as amended, is hereby repealed.

"LIMITATION ON USE OF COUNTERPART FUNDS

"SEC. 539. Except as otherwise specifically authorized by law, all counterpart funds of local currencies created by section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, and by Acts supplementary or amendatory thereto shall be expended only on programs to carry out the purposes for which new funds authorized by this Act would themselves be available."

"SEC. 8. The Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), is further amended as follows:

"(a) Before the period at the end of the proviso in the first sentence of section 403 (d), which authorizes the furnishing of \$1,000,000,000 worth of excess equipment to foreign nations, insert a comma and the words 'and after June 30, 1952, by an additional \$200,000,000'.

"(b) Change section 408 (e), concerning reimbursable aid, to read as follows:

"(e) (1) The President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, materials, or services to: (A) nations eligible for assistance under title I, II, III, or IV of the Mutual Security Act of 1951; (B) a nation which has joined with the United States in a collective defense and regional arrangement; (C) any international military organization or headquarters if, in the opinion of the President, such assistance will further the purposes of this Act; or (D) any other nation not eligible to join a collective defense and regional arrangement referred to in clause (B) above, but whose ability to defend itself or to participate in the defense of the area of which it is a part, is important to the security of the United States: *Provided*, That, prior to the transfer of any equipment, materials, or services to a nation under this clause (D), it shall provide the United States with assurance that such equipment, materials, or services are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in the United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state: *Provided further*, That, in the case of any such transfer, the President shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

"(2) Whenever equipment or material is transferred from the stocks of, or services are rendered by any agency, to any nation or international organization as provided in paragraph (1) above, such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter. The fair value for the purpose of this paragraph shall not be less for the various categories of equipment or materials than the value as defined in subsection (c) of section 403: *Provided*, That with respect to ex-

cess equipment or materials the fair value may not be determined to be less than the value specified in paragraph (1) of that subsection plus (a) 10 per centum of the original gross cost of such equipment or materials; (b) the scrap value; or (c) the market value, if ascertainable, whichever is the greater. Before a contract is entered into, or rehabilitation work is undertaken, such nation shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided*, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid the United States by such nations, shall at no time exceed \$700,000,000.

"(3) The provisions of section 409 of this Act shall not apply to equipment, materials, and commodities made available under this subsection."

"Sec. 9. Section 115 of the Economic Cooperation Act of 1948, as amended, is amended as follows:

"(a) Before the period at the end of paragraph (6) of subsection (b) insert a colon and the following: 'And provided further, That whenever funds from such special account are used by a country to make loans all funds received in repayment of such loans shall be redeposited in such special account'.

"(b) In subsection (h) strike out '5 per centum' and insert in lieu thereof '10 per centum'.

"(c) At the end of such section add a new subsection as follows:

"(k) Of the funds appropriated pursuant to section 101 (a) (2) of the Mutual Security Act of 1951, as amended, (1) \$100,000,000 shall, to the maximum extent practicable consistent with the accomplishment of the policies and purposes of the Mutual Security Act of 1951, as amended, be expended in such manner and subject to such agreements as may be necessary to assure that the amounts of local currencies deposited under subsection (b) (6) as a result of such expenditure shall be used exclusively, in accordance with principles developed by the Administrator, to establish revolving funds which shall be available for making loans, and otherwise to carry out programs in furtherance of the objectives of section 516 of the Mutual Security Act of 1951, with a view to stimulating free enterprise and the expansion of the economies of those countries with equitable sharing of the benefits of increased production and productivity between consumers, workers, and owners; and (2) the Director for Mutual Security is authorized to transfer not exceeding \$2,500,000 to the Organization for European Economic Cooperation, to be used on terms and conditions to be specified by the Director in order to promote the objectives of section 516 of the Mutual Security Act of 1951, as amended."

"Sec. 10. The Act for International Development is amended as follows:

"(a) At the end of section 404 (b), as amended, which relates to contributions of not to exceed \$13,000,000 for 1952 to inter-

national organizations for technical cooperation programs, add the following proviso: 'Provided further, That for the fiscal year 1953 not to exceed \$15,708,750 is authorized to be appropriated to the President for use in making contributions under this subsection.'

"(b) Change section 413 (a) thereof, which concerns the appointment of the Administrator of the Technical Cooperation Administration at a salary of \$15,000, to read as follows:

"(a) The President shall appoint, by and with the advice and consent of the Senate, an Administrator for Technical Cooperation, who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$16,000 per annum. The President may also appoint, by and with the advice and consent of the Senate, a Deputy Administrator for Technical Cooperation who shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Technical Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator. The Deputy Administrator shall receive compensation at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum."

"Sec. 11. Section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 App. U. S. C. 1641), is amended by striking out in the first sentence thereof 'acquired as a result of such surplus property disposals,' and inserting in lieu thereof 'held or available for expenditure by the United States or any agency thereof (or deposited pursuant to agreements entered into pursuant to section 115 (b) (6) and 115 (h) of the Economic Cooperation Act of 1948, as amended), and not required by law or agreement with such government to be expended or used for any other purpose'."

"Sec. 12. There is hereby authorized to be appropriated to the President not to exceed \$16,481,000 to enable him to make contributions to the United Nations International Children's Emergency Fund until December 31, 1953, in such manner and on such terms and conditions as he may deem to be in the interests of the United States to support international children's welfare work: *Provided*, That the contributions shall be made in such a manner as to give assurance that they will not exceed 33 1/3 per centum of contributions from all governments, including contributions made by governments for the benefit of persons located within territories under their control: *Provided further*, That none of the funds authorized shall be used in duplication of the activities of other agencies of the United Nations."

And the Senate agree to the same.

JAS. P. RICHARDS,
MIKE MANSFIELD,
THOMAS E. MORGAN,
R. B. CHIPERFIELD,
JOHN M. VOYLES,

Managers on the Part of the House.

TOM CONNALLY,
WALTER F. GEORGE,
THEODORE FRANCIS GREEN,
ALEXANDER WILEY,
H. ALEXANDER SMITH,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

THE FUND AUTHORIZATIONS

The total amount authorized in the House bill was \$6,174,600,000. The amount authorized by the Senate amendment was \$6,720,861,500, or \$546,261,500 more than the sum carried in the House bill.

The committee of conference has agreed on a total of \$6,447,730,750.

This amount was reached by dividing equally the difference in each authorization between the two Houses. Thus, \$273,130,750 was added to the House authorization; an identical sum was subtracted from the Senate authorization.

The agreement provides for all titles a total of \$4,598,424,500 for military assistance and a total of \$1,805,288,500 for economic and technical assistance. The military assistance authorization is \$2,424,500 more than the total in the House bill. The sum authorized for economic and technical assistance in the agreement is \$268,488,500 more than the total in the House bill.

Four other items—United Nations technical assistance, emigration of surplus manpower from Europe, ocean freight on relief packages, and the Children's Fund—carry authorizations totaling \$44,017,750, a sum which also represents an equal adjustment between the House and the Senate authorizations.

The nonmilitary sums for title II (Near East and Africa) and for title III (Asia and Pacific) are subdivided. The House bill and Senate amendment carried this subdivision for title II; only the House bill had this provision for title III. The Senate adopted the House position in the latter title. Thus, specific sums are allocated for programs to be carried out under the Technical Cooperation Administration and under the Mutual Security Agency.

The House bill provided for the carry-over of unobligated balances. The Senate amendment provided for the carry-over of unexpended balances. In view of the fact that previous acts carried over unexpended balances, it was the opinion of the committee of conference that this was better understood and would cause fewer administrative problems. Hence, the Senate language is retained in the conference agreement.

The following tables show the breakdown of the agreed amounts:

TABLE I.—Authorization by title

Title I—Europe:	
Military	\$3, 415, 614, 750
Defense support	1, 282, 433, 000
Total	<u>4, 698, 047, 750</u>

TABLE I.—Authorization by title—Continued

Title II—Near East and Africa:	
Military	\$560,316,500
Technical assistance	50,822,750
Arab refugees	60,063,250
Israel refugees	70,228,000
Total	741,430,500
Title III—Asia and Pacific:	
Military	564,807,500
Economic	202,778,250
Technical assistance	118,634,250
Total	886,220,000

TABLE I.—Authorization by title—Continued

Title IV—Latin America:	
Military	\$57,685,750
Technical assistance	20,329,000
Total	78,014,750
Other:	
United Nations technical assistance	15,708,750
Emigration of surplus manpower from Europe	9,240,500
Ocean freight for relief packages	2,587,500
United Nations International Children's Emergency Fund	16,481,000
Grand total	6,447,730,750

TABLE II.—Authorization by type

	Military	Economic	Total
Title I.....	\$3,415,614,750	\$1,282,433,000	\$4,698,047,750
Title II.....	560,316,500	181,114,000	741,430,500
Title III.....	564,807,500	321,412,500	886,220,000
Title IV.....	57,685,750	20,329,000	78,014,750
Other:	4,598,424,500	1,805,288,500	6,403,713,000
United Nations technical assistance			15,708,750
Emigration of surplus manpower from Europe			9,240,500
Ocean freight for relief packages			2,587,500
United Nations International Children's Emergency Fund			16,481,000
			6,447,730,750

TABLE III.—Authorization by comparison

	Executive request	House authorization	Percent reduction	Senate authorization	Percent reduction	Difference between House and Senate authorizations	Conference agreement	Percent reduction from Executive request
Europe:								
Military	\$4,145,000,000	\$3,316,000,000	20.0	\$3,515,229,500	15.2	Senate \$199,229,500 more than House	\$3,415,614,750	17.6
Defense support	1,819,200,000	1,022,000,000	43.8	1,542,866,000	15.2	Senate 520,866,000 more than House	1,282,433,000	29.5
Near East:								
Military	606,370,000	606,370,000	0	514,263,000	15.2	House 92,107,000 more than Senate	560,316,500	7.6
Technical assistance	55,000,000	55,000,000	0	46,645,500	15.2	House 8,354,500 more than Senate	50,822,750	7.6
Arab refugees	65,000,000	65,000,000	0	55,126,500	15.2	House 9,873,500 more than Senate	60,063,250	7.6
Israeli refugees	76,000,000	76,000,000	0	64,456,000	15.2	House 11,544,000 more than Senate	70,228,000	7.6
Asia:								
Military	196,000,000	196,000,000	0	166,228,000	15.2	House 29,772,000 more than Senate	181,114,000	7.6
Military	611,230,000	611,230,000	0	518,385,000	15.2	House 92,845,000 more than Senate	564,807,500	7.6
Economic	1,258,000,000	208,800,000	19.1				202,778,250	21.4
Technical assistance	150,000,000	188,000,000	41.3				118,634,250	20.9
	408,000,000	296,800,000	27.3	346,025,000	15.2	Senate 49,225,000 more than House	321,412,500	21.2
Latin America:								
Military	62,400,000	62,400,000	0	52,971,500	15.2	House 9,428,500 more than Senate	57,685,750	7.6
Technical assistance	22,000,000	22,000,000	0	18,658,000	15.2	House 3,342,000 more than Senate	20,329,000	7.6
U. N. technical assistance	17,000,000	17,000,000	0	14,417,500	15.2	House 2,582,500 more than Senate	15,708,750	7.6
Emigration of surplus manpower from Europe	10,000,000	10,000,000	0	8,841,000	15.2	House 1,519,000 more than Senate	9,240,500	7.6
Ocean freight for relief packages	2,800,000	2,800,000	0	2,375,000	15.2	House 425,000 more than Senate	2,587,500	7.6
Total	7,900,000,000	6,162,600,000	22.0	6,699,899,500	15.2	Senate 537,299,500 more than House	6,431,249,750	18.6
UNICEF		12,000,000		20,962,000		Senate 8,962,000 more than House	16,481,000	
Grand total		6,174,600,000		6,720,861,500			6,447,730,750	

¹ Includes Burma and Indonesia.

REPEAL OF THE ECONOMIC COOPERATION ACT—SECTION 7 (C)

The House bill provided for the repeal of the Economic Cooperation Act of 1948, as amended (Public Law 472, 80th Cong.), except for certain enumerated sections which were to be continued to enable the Director for Mutual Security to carry out the duties conferred on him by section 503 of the Mutual Security Act of 1951. The Senate amendment included no such provision.

The conference agreement provides for retaining those sections of the Economic Cooperation Act which are set forth in the House bill and adds certain others to insure that the Director for Mutual Security will not be handicapped in carrying out the program. These additional sections include provision for continuing the present status of Mutual Security Agency missions abroad and for the Director for Mutual Security to terminate assistance when recipient countries do not carry out their agreements with the United States. In addition, a number of conforming amendments are incorporated in the conference agreement which were made necessary by the repeal of the Economic Cooperation Act.

REDUCTION IN PERSONNEL—SECTION 7 (F)

The House bill provided for a 10 percent reduction from the level of January 1, 1952, in personnel engaged in carrying out the United States program. The Senate amend-

ment contained no such provision. The conference agreement changes the date on which the reduction is to be based to June 1, 1952, and provides for a 5 percent reduction.

The committee of conference believes that this action is necessary to insure that adequate personnel will be provided to carry out programs in countries where agreements are just being completed preparatory to beginning operations. It should be noted that the reduction provided for in this section applies to personnel employed by the Departments of State and Defense and the Mutual Security Agency.

Point IV program activities are carried out through participating agencies as well as the Department of State's Technical Cooperation Administration. These agencies maintain substantial staffs in Washington as well as the TCA headquarters. These agencies should take steps to reduce their staffs. It is the intent of the committee of conference that all staffs in Washington concerned with Point IV should be brought to reasonable levels. The committee of conference expects the Administrator of Technical Cooperation to see that this is achieved.

MOVEMENT OF MIGRANTS—SECTION 7 (M) (NEW SEC. 534)

Both the House bill and the Senate amendment contained a provision authorizing a contribution of funds by the United States to the Provisional Intergovernmental Com-

mittee for the Movement of Migrants from Europe (PICMME). The Senate amendment authorized the appropriation in the alternative to "any successor organization." The House bill contained no such alternative authorization and in addition contained a proviso denying salary or expenses to the Director General of the Committee if a former employee of UNRRA or the IRO. The Senate amendment contained no such proviso.

The conference agreement omits the phrase "or to any successor organization" and the House proviso. The phrase "or to any successor organization" is unnecessary. It is the intent of the committee of conference that the United States participate in and contribute to PICMME whether the word "Provisional" appear in the title of the organization or not. This has already been made amply clear in House Report 1922, at page 59.

The intent contained in the conference report on the Mutual Security Act of 1951 is repeated here that none of the funds made available for the movement of migrants shall be allocated to any international organization "which has in its membership any Communist, Communist-dominated or Communist-controlled country, to any subsidiary thereof or to any agency created by or stemming from such organization."

OCEAN FREIGHT CHARGES ON RELIEF PACKAGES—
SECTION 7 (M) (NEW SEC. 535)

Both the House bill and the Senate amendment continued the authority of the Government to pay ocean freight charges on shipments of relief supplies overseas. The Senate amendment, in addition, contained a proviso granting similar authority in the case of shipments by voluntary nonprofit relief agencies (registered with and approved by the Advisory Committee on Foreign Aid) to any country eligible for economic or technical assistance under the Mutual Security Act. The conference agreement retains the language of the Senate amendment.

INFORMATIONAL MEDIA GUARANTY—SECTION
7 (M) (NEW SEC. 536)

Both the House bill and the Senate amendment authorized continuation of the informational media guaranty program. The House bill also contained a similar provision concerning investment guaranties.

The conference agreement omits the House provision on investment guaranties, since such a program is elsewhere in the conference agreement specifically required to be continued beyond June 30, 1952 (sec. 7 (c)).

OCEAN SHIPPING AND REIMBURSABLE AID—
SECTION 8 (B)

The Senate amendment contained a provision making section 409 of the Mutual Defense Assistance Act of 1949, as amended, which requires that 50 percent of the equipment and material made available under that act be carried in United States flag vessels, inapplicable to equipment, material, and commodities made available to foreign nations on a reimbursable basis. The House bill contained no such provision.

The committee of conference decided that since, in the case of reimbursable aid, a foreign country is purchasing material with its own funds, it is not proper to require such a country to ship 50 percent of this material on United States flag vessels. The conference agreement retains the Senate language to make clear that the 50-percent requirement is not applicable to material, equipment, and commodities furnished under section 408 (e) of the Mutual Defense Assistance Act of 1949, as amended, which deals with reimbursable aid.

INCREASING THE AVAILABILITY OF COUNTERPART
FUNDS FOR THE PROCUREMENT OF STRATEGIC
MATERIALS—SECTION 9 (B)

The House bill provided that whatever sums were necessary to meet United States expenditures for strategic materials should be made available from the counterpart funds deposited in each country. The Senate amendment contained no such provision. Under subsection 115 (h) of the Economic Cooperation Act of 1948, as amended, not less than 5 percent of the counterpart has been set aside for strategic materials and for other expenses of the United States Government. In general, this 5-percent provision has been made by bilateral agreement a ceiling for the amount available for strategic materials.

LIMITATION ON FUNDS FOR PROPAGANDA—
SECTION 7 (M) (NEW SEC. 537)

The Senate amendment provided that no funds authorized or counterpart funds could be used to pay for the travel of United States citizens outside the United States for purposes of publicizing the Mutual Security Program in the United States or for other expenses of disseminating in the United States general propaganda in support of the Mutual Security Program. The House bill contained no such provision. The conference agreement includes the language of the Senate amendment.

The committee of conference recognized the desirability of preventing any use of funds for propaganda in support of the

Mutual Security Program. At the same time there should not be any interference with the supplying of full information to the Congress and to the public concerning the operations of the Mutual Security Program. The committee of conference believes that it is possible for those responsible for the administration of the Mutual Security Act to maintain a sharp distinction between propaganda and the supplying of information as to the results attained under the program, and that this section of the conference agreement should not interfere with the recognized procedures for keeping the public and the Congress informed.

SMALL BUSINESS—SECTION 7 (M) (NEW SEC.
538)

The Senate amendment provided for amending the Mutual Security Act to establish an Office of Small Business and to give direction to the Director for Mutual Security to insure that small independent enterprises will share equitably in furnishing supplies financed by the Mutual Security Program. Similar provisions were already in the Economic Cooperation Act of 1948, and the Director for Mutual Security has been carrying out these provisions as a consequence of his assumption of the powers, functions, and responsibilities of the Administrator for Economic Cooperation, as provided in section 502 of the Mutual Security Act of 1951. No such provision was included in the House bill.

The committee of conference believes that the transfer of provisions spelling out the responsibilities of the Director for Mutual Security for small business from the Economic Cooperation Act to the Mutual Security Act gives desirable assurance of the continuation of operations under these provisions. In addition, language has been included to insure that small business will share equitably in the programs of the Technical Cooperation Administration. The conference agreement contains the provisions of the Senate amendment with certain modifications for purposes of clarification.

LIMITATION ON USE OF COUNTERPART FUNDS—
SECTION 7 (M) (NEW SEC. 539)

The Senate amendment provided that "except as otherwise provided by this Act" counterpart funds should be used only for projects of military assistance or defense support for which new funds authorized by the Mutual Security Act of 1952 would be available. No such provision was contained in the House bill.

The committee of conference recognized the desirability of the use of more counterpart funds in the defense effort, but felt that the language of the Senate amendment might prevent the use of counterpart under other acts, and for such purposes as procurement by the United States of strategic materials. All country programs administered by the Mutual Security Agency must conform to the requirements of section 503 of the Mutual Security Act of 1951 so that in such countries the Senate amendment would be appropriate, but the committee of conference felt there was the possibility that under the Senate amendment counterpart could not be used in Germany, Austria, and Trieste to carry out programs essential to the security of the United States but not strictly within the Senate limitation.

The conference agreement modified the Senate language so that the use of counterpart is limited to the programs for which new funds authorized in the Mutual Security Act of 1952 would be available, except as other uses of counterpart are specifically authorized by law.

The committee of conference recognized the desirability of increasing the availability of counterpart for the procurement of strategic materials. It was believed, however, that this objective could be better accom-

plished with less disruption to the normal commercial trade in such materials by amending subsection 115 (h) to increase the percentage set aside for such purposes from 5 to 10 percent, rather than by the provision included in the House bill. The conference agreement includes such a provision. It is intended that the 10 percent should be a minimum, not a maximum.

COUNTERPART TO ENCOURAGE FREE ENTERPRISE—
SECTION 9 (C)

The House bill and the Senate amendment contained provisions setting aside counterpart funds (in the value of not less than \$100,000,000 in the House bill and \$150,000,000 in the Senate amendment) for programs furthering the free enterprise objectives of section 516 of the Mutual Security Act of 1951. The House bill directly earmarked the counterpart. The Senate amendment provided that \$150,000,000 of dollar aid shall be furnished under agreements which will assure that the counterpart derived therefrom shall be used for section 516 purposes. The Senate amendment further provided that the counterpart funds shall be used to establish revolving funds in the respective countries, which shall be available for making loans and otherwise to carry out section 516 programs. The Senate amendment further authorized the transfer of not to exceed \$2,500,000 to the Organization for European Economic Cooperation (OEEC) to promote the objectives of section 516.

The conference agreement follows the Senate language, except that the words "in the respective countries" are omitted and the amount is cut down from \$150,000,000 to the House figure of \$100,000,000. The omission of these words will permit greater flexibility in the use of the revolving fund mechanism. The amount of \$100,000,000 should be sufficient to make possible a substantial implementation of the objectives of section 516.

COUNTERPART FUNDS FOR EXCHANGE PROGRAMS
UNDER FULBRIGHT ACT—SECTION 11

The Senate amendment contained a section amending the Surplus Property Act of 1944 by making it possible for limited amounts of counterpart funds acquired in connection with the foreign-aid programs to be used for the exchange programs authorized by the Fulbright Act. The House bill contained no such provision. The conference agreement adopts the Senate language.

CONTRIBUTIONS TO UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND—SECTION 12

Both the House bill and the Senate amendment made provision for a contribution by this Government to UNICEF. In making such money available it was recognized that presidential discretion as to specific sums and specific conditions was desirable. The committee of conference agreed, however, that in no case should United States contributions exceed one-third of the contributions from all governments, including contributions made by governments for the benefit of persons located within territories under their control. This was one of the conditions upon which the House approved the provision. To assure the most effective use of the money the committee of conference also agreed to another House proviso that none of the funds could be used in duplication of the activities of other agencies of the United Nations. The conferees recognized the necessity for the closest cooperation between the United Nations agencies connected with health, feeding, and educational activities, all of which might affect children, and that there might be an interchange of activities under special circumstances in a given area, but felt that this was no reason

for duplication of activities by the Children's Fund. Since the United Nations operates on a calendar year basis and because the General Assembly will review the whole program in the fall of 1953, the terminal date in the House bill, December 31, 1953, was adopted in the conference agreement.

LIMITING SUPPLIES AND EQUIPMENT UNDER ACT FOR INTERNATIONAL DEVELOPMENT

The committee of conference eliminated a House provision limiting dollar expenditures under the Act for International Development for the program in any country in any fiscal year for supplies and equipment to not more than three times the dollar costs for personnel. In dropping this provision the committee of conference considered the reduction in funds for TCA a sufficiently limiting factor for this year. The committee reports of the House and Senate noted with concern the increasing ratio of supplies and equipment to personnel—4 to 1, and both bodies have expressed the view that it is not desirable to go beyond this ratio. But the proper limit cannot be effectively expressed by a mathematical ratio. Fundamentally the technical assistance program is one of teaching and showing; supplies and equipment beyond those necessary for demonstration purposes will convert this into a type of world-wide economic aid program our country cannot afford. This should provide adequate notice to the Administrator as to the legislative intent of this program.

INTERNATIONAL FINANCE CORPORATION

The House bill contained a provision permitting the Director for Mutual Security to subscribe up to \$100,000,000 to the capital of an International Finance Corporation, should it be created, as an affiliate of the International Bank for Reconstruction and Development. The Senate amendment contained no such provision.

This is omitted in the conference agreement. The committee of conference was of the view that such a provision, while desirable, is premature, since no definitive study has been made of the subject and it is highly doubtful that any funds could be used for such a purpose during fiscal year 1953.

OFFSHORE PROCUREMENT

The House bill provided that not less than \$1,000,000,000 of the military assistance funds made available by the bill shall be expended for procurement of military end items from sources outside the United States. The Senate amendment contained no such requirement. The conference agreement omits the provision. Section 401 of the Mutual Defense Assistance Act of 1949, as amended, already includes authority for offshore procurement. The committee of conference expects that this authority will be utilized when, and to the extent that, it is to the advantage of the Mutual Security Program to do so.

EXPORTS TO THE SOVIET UNION AND ITS SATELLITES

The Senate amendment included a provision that no economic, financial, or military assistance should be provided to any country knowingly permitting the export of arms, military matériel, or commodities likely to be used in the manufacture of arms or armament to the Soviet Union or its satellites. This section also provided for the repeal of the Mutual Defense Assistance Control Act of 1951 (Public Law 213, 82d Cong.—Battle Act). The conferees felt that proper implementation of the Mutual Defense Assistance Control Act would provide a more workable solution to the problem and did not include this section in the conference agreement.

The committee of conference, however, expressed dissatisfaction with the progress made so far in bringing under control ship-

ments to the Soviet bloc from countries which receive United States assistance. The committee of conference also was concerned that the operation of the control of trade with countries behind the iron curtain was still dispersed among several departments and agencies in Washington and that the centralization of administration which had been anticipated under the Battle Act had not been completely put into effect. The committee of conference examined figures showing substantial reductions in east-west trade in strategic materials since the Battle Act went into effect and found that substantial progress was being made in eliminating this trade. It was recognized that during the short time the Battle Act has been in effect a basis has been laid for reducing the volume of shipments to Russia and the satellites and that the results of preparatory work have not yet had time to become fully apparent.

JAS. P. RICHARDS,
MIKE MANSFIELD,
THOMAS E. MORGAN,
R. B. CHIPERFIELD,
JOHN M. VORYS,

Managers on the Part of the House.

RECIPROCAL TRADE AGREEMENTS

(Mr. TABER asked and was given permission to address the House for 1 minute.)

Mr. TABER. Mr. Speaker, several years ago the Congress passed a so-called Reciprocal Trade Agreement Act which allowed the State Department to change the duties upon articles coming into the United States.

The State Department has made a practice of operating these changes without giving any notice to the producers in this country, and without letting the producers know that their markets are being aimed at.

The Cuban Government, a couple of months ago, notified our State Department that they planned to negotiate a new treaty with Chile. All details were disclosed during the month of February. It was proposed to establish a quota on colored dried beans which would give Chile a large share of the American market in Cuba. It was not until April that the State Department sought the advice of the Department of Agriculture and at no time did they consult the farmers.

Our foreign policy should be lined up so that the United States will not participate in these operations against the interest of the farmers without any notice to them. The agreement was signed and nothing was known to the farmers until after it was all done.

How much longer are the people of the United States going to stand for this way of doing business undercover to destroy American agriculture?

ARE WE GIVING AWAY MORE OF OUR IMPORTANT FOREIGN FARM MARKETS?

(Mr. HILL asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include a newspaper clipping.)

Mr. HILL. Mr. Speaker, recently in a news item in the National Dried Bean Council, Washington report, I noticed that a three-way trade agreement has

been proposed wherein a quota of about 398,200 bags of colored beans would be shipped into Cuba; to United States to supply 51 percent, while Chile would supply 48 percent, and the rest of the world 1 percent. Therefore, proportioning the bean shipments to Cuba. And under this agreement a new duty of 3.25 pesos will apply for the whole quantity; when a country's quota is filled the duty reverts to the old rate. Red kidneys, small reds, pinks, and possibly pintos would be affected by this trade agreement.

This is but another example of the short-sighted policy of the give-away foreign-aid program. It seems they are not satisfied with placing an unwieldy mortgage on the country, but are now attempting to build up surplus stocks in the hands of the Commodity Credit Corporation to be given away later in exchange for token payments.

It is reported that at the present time the Commodity Credit Corporation owns over 4,500,000 bags of dried beans, and the question arises as to why we should be a party to a trade agreement that would give Chile the opportunity of shipping in 48 percent of the quota of beans necessary for the Cuban market.

We should take a careful look at both sides of this trade agreement. Remember, recently the Chileans ceased shipping us copper and only after the market was jacked up were we able to resume the shipments of Chilean copper.

What benefit will Cuba receive from the purchase of dried beans from Chile even though Chile did promise to buy sugar from Cuba?

The result of this behind the scene operating of our trade agreements will eventually end in the United States temporarily bailing out surplus crops of the American farmers and furnishing free food to other countries.

It seems to me that the American people are entitled to know exactly what provisions are placed into these trade agreements and to have the facts immediately. Furthermore, the producers of farm crops should be consulted, through their trade organizations when trade agreements are being contemplated, with the organizations given an opportunity to be heard on the provisions of the trade agreement.

—Mr. Speaker, we need more light and information on all our foreign trade agreements.

I enclose a news release in the Washington News of June 2, 1952:

OFFICIAL SECRECY

A "spirit of secrecy" abroad in every level of government is "eroding" away the American "right to know," J. R. Wiggins, managing editor of the Washington Post, said today.

Mr. Wiggins listed three factors which have led to the "erosion." The expansion of the executive branch of the Government, military secrecy, and arbitrary official obstruction.

In a speech prepared for delivery before the National Conference of Farm Bureau Editors, Mr. Wiggins pointed out that the changing makeup of the Federal Government has transferred legislative and judicial functions from the courts and Congress, "where the right to know was safeguarded by specific enactment and long-standing cus-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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32nd-2nd, No. 97

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Both Houses agreed to conference report on 3rd supplemental appropriation bill. Senate debated defense production bill. Senate made agricultural appropriation bill its unfinished business. Senate received nomination of Duggan to FCA. Senate committee reported bill to increase school lunch funds for territories and possessions. House adopted conference report on foreign aid bill. House passed cotton parity standard bill. House passed Korean veterans' G. I. bill. Conferees agreed on report for road authorization bill.

STATE

1. **THIRD SUPPLEMENTAL APPROPRIATION BILL, 1952.** Both Houses agreed to the conference report on this bill, H. R. 6947, and acted on amendments which had been reported in disagreement. The bill was then sent to the President. The House agreed to the Senate amendment providing \$300 pay increases for certain \$14,000 officials. The House also agreed to the provision that the smoke-jumper facilities item be the total cost of the project. The House reduced the item for Civil Service Commission investigations to \$4,000,000, and the Senate concurred in this action. In addition to the items listed in Digest 95, the bill, as finally passed, also contains an item of \$4,000,000 (Senate figure) for the Immigration and Naturalization Service which is largely for the Mexican farm-labor program. During House debate, Rep. Fisher moved that the bill be recommitted to conference with instructions that the House conferees insist on disagreement to the Senate amendment increasing the amount for the farm-labor program, but this motion was rejected, 35-149. (pp. 6709, 6747-56.)

2. **DEFENSE PRODUCTION.** Continued debate on S. 2594, to continue and amend the Defense Production Act (pp. 6702-10, 6712-39). Rejected, 27-54, a Dirksen amendment barring price ceilings after Sept. 1, 1952, on any material or service unless it is in short supply or threatens inflation (pp. 6703-6). Voted, 42-38, in favor of a McFarland motion to postpone debate on this bill until Mon., June 9, after Sen. Byrd had presented an amendment advising the President to use the Taft-Hartley Act in connection with the steel strike.

3. **AGRICULTURAL APPROPRIATION BILL, 1953.** This bill, H. R. 7314, was made the unfinished business (pp. 6740, 6742). Sen. Douglas gave notice that he will move to suspend the rules and offer an amendment which would make Sec. 32 of the Act of Aug. 24, 1935 (relating to disposal of surplus commodities) merely an authorization rather than a permanent appropriation. In addition, Sens. Williams, Case, and Douglas submitted various amendments which they intend to propose to the bill. (p. 6701.)
4. **NOMINATION.** Received the nomination of Ivy W. Duggan to be Governor of FCA for 6 years from June 15, 1952 (p. 6744).
5. **SCHOOL LUNCH PROGRAM.** The Labor and Public Welfare Committee reported with amendments H. R. 1732, to increase the school lunch program allotments for the territories and possessions (S. Rept. 1677)(p. 6698).
6. **PERSONNEL.** The Rules and Administration Committee reported with amendments S. 3661, to permit and assist Federal personnel and their families to exercise their voting franchise (S. Rept. 1675)(p. 6698).
7. **MIGRATORY LABOR.** The Labor and Public Welfare Committee voted to report (but did not actually report) a new bill to establish a Federal Commission on Migratory Labor (p. 6544).
8. **PUBLIC LANDS; TAXATION.** Sen. Humphrey inserted a Minneapolis City Council resolution favoring additional Federal payments in lieu of taxes on public lands (p. 6697).
9. **FARM CREDIT.** Sen. Humphrey inserted a Fergus Falls Production Credit Association resolution favoring legislation to make the cooperative farm credit system more independent of the Federal Government (pp. 6697-8).

HOUSE

10. **FOREIGN AID.** Adopted the conference report on H. R. 7005, to amend the Mutual Security Act of 1951 (pp. 6774-78).
11. **COTTON PARITY.** Passed, 156-62, as reported H. R. 5713, providing that Low Middling seven-eighth-inch cotton shall be the standard grade for determining parity and price support for the 1952 cotton crop if this Department makes an official estimate that the 1952 crop will equal or exceed 16 million bales. This bill is designed to protect farmers against a disastrous price decline if they produce 16 million bales or more in 1952. (pp. 6751-4.)
12. **VETERANS' BENEFITS.** Passed, 361-1, as reported H. R. 7656, authorizing educational and training allowances for Korean veterans. The bill also provides home, farm, and business loan credit assistance, old age and survivors' insurance credits, and employment assistance. (pp. 6759-61.)
13. **ROAD AUTHORIZATIONS.** Conferees on H. R. 7340, authorizing appropriations for road construction in 1954 and 1955, agreed to file (but did not actually file) a conference report. The "Daily Digest" states that the conferees agreed to an annual total of \$550 million for Federal aid to highway systems for each of the fiscal years. (p. 6547.)
14. **APPROPRIATIONS.** Agreed to conferences with the Senate on the following bills:
H. R. 6854, Treasury-Post Office Appropriation bill for 1953, appointing as conferees Reps. Gary, Fernandez, Passman, Sieninski, Cannon, Canfield, Wilson (Ind.), James, and Taber. (p. 6745). Senate conferees were appointed April 29.

tained through this kind of temporary legislation.

Moreover, this is completely sectional legislation and it is discriminatory. If this proposal is sound, and I maintain it is not, it ought to be made applicable to the products of all the Nation's farmers.

What farmers desperately need, whether they be cotton, corn, hog, or livestock producers, is cost of production prices for all their products necessary for domestic consumption. This legislation in addition to being discriminatory by applying to only one product, is an expedient.

It is bad because it may provide the top price for a low quality product and it may be put into effect on the basis of crop estimates that are admitted here this afternoon to be often unreliable.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. JAVITS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I would like to state that on the record that has been presented here, I think there is very grave doubt as to whether the interests of the consumer would be protected under this bill to the extent that I think they should be. I shall therefore vote against the bill.

This bill apparently could raise the price support base on all grades of raw cotton from 90 percent to just over 100 percent of parity and by the increase in the cost of raw cotton to mills which is likely to result and through pyramiding this extra cost in the processing and distribution channels would raise costs of clothing and other cotton goods to consumers. At least consumers should be wary of these results.

Though the estimate of the bill's proponent is somewhat lower it is not appreciably so, and the appended comparison of 1952 with new loan rates under this bill shows the situation likely to occur:

Comparison of 1952 loan rates on specified leading grades of cotton to the new rates proposed by H. R. 5713

Staple and grade	1952 loan rate, cents per pound	Proposed loan rate under H. R. 5713, cents per pound
$\frac{3}{8}$ -inch, Low Middling ¹	26.61	30.91
$\frac{3}{8}$ -inch, Middling ²	30.91	35.21
Price support in percentage of parity ³	90.0	102.5
$\frac{1}{2}$ -inch, Middling.....	31.96	36.26
1-inch, Middling.....	32.41	36.71
$1\frac{1}{2}$ -inch, Middling.....	32.66	36.96

¹ Proposed base grade.

² Base grade in current price support regulations.

³ Prices of Middling $\frac{3}{8}$ -inch cotton as percentage of parity price of cotton.

(Mr. JAVITS asked and was given permission to revise and extend his remarks.)

Mr. GATHINGS. Mr. Chairman, the need for cotton in the preparedness pro-

gram has been discussed quite a lot here today. Let us see what is meant when we speak of needing cotton in the Armed Forces.

It requires 250 pounds of cotton per man to fully equip the armed services.

Cotton goes into 11,000 separate uses that are directly connected with the military.

In World War II cotton was second only to steel as the most vital war material. The authority for this statement is the Department of Defense itself.

Just about every military item that is produced has some cotton or cotton by-product in it.

Linters are absolutely essential in the production of ammunition. The number of linters is determined by the number of bales of cotton grown. Cotton is used in the manufacture of parachutes, cords, cases, tents, uniforms, and many other defense uses.

Cotton is as essential to industry as it is to the military—electric insulation, tarpaulin, friction tape, and so forth.

Cotton keeps industry producing full speed which is essential to our defense effort.

I trust that this bill will pass without amendment.

I would like to include some facts and figures on the excessive costs involved in the making of a cotton crop. These figures do not include the cost of picking the crop. It costs about \$55 a bale for picking charges alone.

Our farmers suffered great hardships in 1951 due to the wet spring, the drought in the summer, and the heavy infestation of boll weevil.

1951 crop cost

ONE THOUSAND FIVE HUNDRED ACRES COTTON, BROKEN DOWN ON COST-PER-ACRE BASIS

Tractor fuel.....	\$3,575
Gas.....	1,566
Motor oil.....	616
Grease.....	470
Tractor repair.....	1,338
Truck repair.....	571
Implement Truck & Supply Co. (parts).....	874
Farmers Tractor & Equipment Co. (parts).....	1,188
Car expense.....	355
Tire expense.....	172
Shop.....	295
Lot expense.....	1,129
Arkansas Power & Light.....	172
Telephone.....	841
Freight.....	108
Insurance (fire).....	2,198
Taxes.....	3,496
Fertilizer.....	9,022
Poison.....	9,919
Cultivation.....	6,500
Chopping.....	44,263
Salary.....	4,117
Miscellaneous repair.....	2,406
Miscellaneous payroll.....	593
Miscellaneous expense.....	687
Expense a/c Mexican nationals.....	2,870

Total..... 99,341

This is actual cost to September 1. Does not include picking, ginning, nor management for balance of year.

Total production 1,246 bales, an average of 410 pounds lint per acre.

Day crops—480 pounds lint cotton produced per acre

PER ACRE COSTS OF PRODUCING COTTON EXCLUSIVE OF HARVESTING EXPENSE

Farm No. 1, 280.9 acres:	
Tractor work.....	\$11.39
Payroll.....	2.81
Chopping.....	43.46
Fertilizer.....	9.74
Planting seed.....	3.49
Poison.....	8.80
Other charges.....	3.49
Total.....	83.18

Farm No. 2, 576.4 acres:	
Tractor work.....	13.39
Payroll.....	.78
Chopping.....	46.06
Fertilizer.....	16.00
Planting seed.....	5.34
Poison.....	10.12
Other charges.....	.80
Total.....	92.49

Farm No. 3, 207.7 acres:	
Tractor work.....	8.86
Payroll.....	2.15
Chopping.....	26.68
Fertilizer.....	9.44
Planting seed.....	
Poison.....	8.31
Other charges.....	.23
Total.....	55.67

Farm No. 4, 348.9 acres:	
Tractor work.....	11.18
Payroll.....	1.20
Chopping.....	29.26
Fertilizer.....	7.27
Planting seed.....	1.51
Poison.....	6.67
Other charges.....	3.88
Total.....	60.97

Farm No. 5, 99.5 acres:	
Tractor work.....	9.02
Payroll.....	2.55
Chopping.....	32.61
Fertilizer.....	6.26
Planting seed.....	6.53
Poison.....	8.46
Other charges.....	2.86
Total.....	68.29

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PRICE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 5713) to amend the Agricultural Act of 1949 to provide that Low Middling $\frac{3}{8}$ -inch cotton shall be the standard grade for the purposes of determining parity and price support for the 1952 cotton crop, pursuant to House Resolution 658, he reported the bill back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on agreeing to the amendment.

CALL OF THE HOUSE

Mr. LUCAS. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER. Evidently, no quorum is present.

Mr. PRIEST. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 93]

Aandahl	Doyle	Martin, Ia.
Anderson, Calif.	Durham	Miller, Calif.
Anfuso	Fallon	Morano
Auchincloss	Fenton	Morris
Bailey	Flood	Moulder
Bakewell	Frazier	Potter
Beckworth	Fugate	Powell
Blackney	Gamble	Rains
Blatnik	Hale	Ramsay
Bosone	Hall	Reams
Bramblett	Leonard W.	Redden
Brehm	Havenner	Rees, Kans.
Buckley	Hébert	Regan
Buffett	Hillings	Rogers, Mass.
Burdick	Hinshaw	Sabath
Burleson	Holfield	Sadlak
Carlyle	Hope	Sasser
Celler	Hunter	Shafer
Chelf	Jackson, Calif.	Sheppard
Cole, Kans.	Jenkins	Short
Cole, N. Y.	Johnson	Stigler
Cooley	Keating	Stockman
Crawford	Kennedy	Sutton
Curtis, Mo.	Kerr	Tackett
Davis, Tenn.	Kilburn	Vinson
Dawson	Kilday	Welch
Deane	King, Calif.	Werdel
Dempsey	Lovre	Wheeler
Denny	Lyle	Wilson, Ind.
Denton	McCormack	Wood, Ga.
Dingell	McKinnon	Woodruff
Dondero	McVey	

The SPEAKER. On this roll call 336 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

1952 COTTON PARITY STANDARD

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. TABER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

Mr. TABER. Mr. Speaker, I demand a division.

The House divided; and there were—ayes 156, noes 62.

Mr. TABER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and I make the point of order that a quorum is not present.

The SPEAKER. Two hundred and eighteen Members voted on the division; a quorum is present.

So the bill was passed.

The title was amended so as to read: "A bill to amend the Agricultural Act of 1949 to provide that Low Middling 7/8-inch cotton shall be the standard grade for the purposes of determining

parity and price support for the 1952 cotton crop, under certain conditions."

A motion to reconsider was laid on the table.

MUTUAL SECURITY ACT OF 1952

Mr. RICHARDS. Mr. Speaker, I call up the conference report on the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 4, 1952.)

Mr. RICHARDS (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that further reading of the statement of the managers on the part of the House be dispensed with, and the statement be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. RICHARDS. Mr. Speaker, I ask unanimous consent that all members may have five legislative days to extend their remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

WHAT, IF ANY, CONTRIBUTION SHOULD BE MADE BY UNITED STATES FOR FOREIGN ECONOMIC AND MILITARY AID?

Mr. WOLVERTON. Mr. Speaker, as time goes on it is becoming more and more apparent that the people of our Nation are becoming alarmed. They are deeply concerned as to the ultimate effect on the financial stability of our Nation as a result of our continually appropriating large sums of money for use throughout the world. It would seem that, in too many instances, those who advocate this generosity, upon our part, throughout the world, do not recognize either the necessity of maintaining our own financial standing, or that many necessities of our own people cry out for relief.

There is an undeniable sensitiveness on the part of the people of this Nation for all who are in need. Our hearts respond to every call for help, regardless from whence it originates. This has been particularly apparent during and since the war. Our response as a nation has been quick and generous. It has been gratifying to realize that the help we have extended through many different activities and agencies has produced such beneficial results.

NEED FOR HELP AT CLOSE OF WAR SHOWN BY STUDIES MADE BY CONGRESSIONAL COMMITTEES

As a member on two occasions of congressional committees specially authorized by the Congress to study the economic need of the countries of Europe

and the Near East, I have had an opportunity to study in detail the conditions existing in those countries. The first study was made with the so-called Colmer committee, immediately following the cessation of hostilities in Europe. The second study was made as a member of the Herter committee, 2 years later in 1947. The report submitted by the latter committee was the basis for the so-called Marshall plan. It was evident at the time the above-mentioned studies were made that there was a real need existing for such help as could be given by this country. Each of the countries visited were badly demoralized from an economic standpoint as a direct result of the hardships and losses incident to the ravages of war. The morale and spirit of the people were at a low ebb. However, there was evident a spirit to overcome their difficulties if the necessary financial assistance was made available to them. It was under these conditions that help was extended by this country. The amount has run into many billions of dollars.

PRODUCTION IN FOREIGN COUNTRIES RECEIVING UNITED STATES AID HAS REACHED HIGH LEVEL

The aid that was given has resulted in a high degree of recovery in each of the countries to which assistance was given. Today, in each of these countries statistics show that their rate of production has reached a point in excess of what it was before World War II. In many instances it is almost double that of pre-war.

Under the degree of recovery above mentioned, it is natural and sensible for us to ask, "Is further help necessary, and, if so, how much?" This is the issue that is presented to the Congress in its consideration of the Conference Report on the Mutual Security Act of 1952. The President asked for a total of \$7,900,000,000. The House reduced the requested authorization by 22 percent to \$6,174,000,000. The Senate increased the amount to be authorized to \$6,720,861,500. The conferees of the House and Senate, after a study of the differing amounts, has recommended \$6,447,730,750, as a compromise between the House and Senate. This represents a cut of 18.6 percent from the President's request.

HOW MUCH, IF ANY, SHOULD BE OUR CONTRIBUTION FOR ECONOMIC AND MILITARY AID AT THIS TIME?

In determining the question, How much, if any, additional financial aid should be given by the United States to countries throughout the world, for economic and military assistance, there are two pertinent questions that must be determined.

First. Does the need exist, and, if so, to what extent?

Second. To what extent does our fiscal status and the need in our own country limit the amount, if any, to be given by the United States?

In my opinion it is wise and consequently imperative to answer these fundamental questions. A negative answer, in whole or in part, does not mean that there is a lack of desire to be help-

ful. It merely recognizes that conditions are such that we must be practical in our desire to help, and reasonable in our response. We owe a duty to our own people as well as to the people of other countries. If our spirit of generosity leads us to give beyond our means, or, beyond what necessity demands, then our action is unwise. We must at all times recognize that there is a limit beyond which we cannot safely go. To do so is to weaken our financial structure and thereby bring disaster to us and the rest of the world. There is no one who will dispute the fact that if there is a financial failure in the United States that it would prove a disaster throughout the world. The chaos that would result, in my humble opinion, is exactly what Russia would like to see. Certainly it would contribute to the aims and purposes of the Soviets to bring the whole world under the domination of communism. Today, our country is a bulwark against the spread of communism. To weaken our Nation by unwise fiscal policies that cause us to expend beyond our means plays directly into the hands of communism. This must be avoided under any and all circumstances.

FOREIGN ECONOMIC AND MILITARY AID EXPENDITURES SINCE 1940, INCLUDING 1953, AMOUNTS TO OVER \$130,000,000,000

It is well to pause in our consideration of this subject to realize the extent of our gifts in furtherance of foreign aid, both economic and military. A study of reports relating to the subject reveals that including the present authorization of \$6,447,730,750, the total in actual appropriations, authorizations, and surplus property credits for the benefit of foreign governments from the commencement of such program in 1940 amounts to approximately \$132,000,000,000.

By comparison when our own country was in the throes of a long depression, in the 7 years starting with fiscal 1934, the actual expenditures for relief, work relief, and all other Federal aid totaled but \$20,994,448,806.

These funds here were spent for the operations of the Civilian Conservation Corps, the National Youth Administration, the Works Progress Administration, the Public Works Administration, and many minor projects affecting the economic and social life of the Republic. Some projects admittedly were not so good, however, a lot of discouraged Americans were put on their economic feet by the use of Federal funds, and we did get a goodly number of new public buildings, schools, and the like and in the end every tax dollar spent for all the projects went for relief of our own distressed people.

The American taxpayers are now commencing to wonder just when the Congress will quit appropriating new funds for foreign economic and military aid when our own Treasury is more than \$258,000,000,000 in debt. Syphoning off the wealth and resources of the United

States is a contributing factor to the inflation depreciating the value of the dollar. This the people are commencing to realize.

APPROPRIATIONS FOR FOREIGN AID IN 1953
CREATES HEAVY TAX BURDEN FOR OUR TAXPAYERS

The authorization for the additional appropriation of \$6,447,730,750, creates a tax burden of \$155 on every family in the United States. And, this authorization coming on top of a defense program currently costing nearly \$60,000,000,000 a year, means that practically one-third of the total national income is presently being absorbed by the cost of national defense, foreign military and economic aid, and the other governmental costs, Federal, State, and local which the citizens must bear. It should also be borne in mind that the \$130 and more billion dollars appropriated for foreign military and economic aid in peacetime as well as wartime is an amount that equals more than one-half of our present public debt of \$258,000,000,000. The mere statement of this fact is sufficient to cause serious thought as to how long we can continue to give away our substance and still remain financially strong.

WHAT SHOULD BE THE FUTURE COURSE OF THE UNITED STATES IN GIVING ADDITIONAL AID, ECONOMIC AND MILITARY, THROUGHOUT THE WORLD?

To show the extent to which our aid under the pending bill, is to be given throughout the world, I refer to the conference report of the conferees. It is as follows:

TABLE I.—Authorization by title

Title I—Europe:	
Military.....	\$3,415,614,750
Defense support.....	1,282,433,000
Total.....	4,698,047,750
Title II—Near East and Africa:	
Military.....	560,316,500
Technical assistance.....	50,822,750
Arab refugees.....	60,063,250
Israel refugees.....	70,228,000
Total.....	741,430,500
Title III—Asia and Pacific:	
Military.....	564,807,500
Economic.....	202,778,250
Technical assistance.....	118,634,250
Total.....	886,220,000
Title IV—Latin America:	
Military.....	57,685,750
Technical assistance.....	20,329,000
Total.....	78,014,750
Other:	
United Nations technical assistance.....	15,708,750
Emigration of surplus manpower from Europe.....	9,240,500
Ocean freight for relief packages.....	2,587,500
United Nations International Children's Emergency Fund.....	16,481,000
Grand total.....	6,447,730,750

TABLE II.—Authorization by type

	Military	Economic	Total
Title I.....	\$3,415,614,750	\$1,282,433,000	\$4,698,047,750
Title II.....	560,316,500	181,114,000	741,430,500
Title III.....	564,807,500	321,412,500	886,220,000
Title IV.....	57,685,750	20,329,000	78,014,750
	4,598,424,500	1,805,288,500	6,403,713,000
Other:			
United Nations technical assistance.....			15,708,750
Emigration of surplus manpower from Europe.....			9,240,500
Ocean freight for relief packages.....			2,587,500
United Nations International Children's Emergency Fund.....			16,481,000
			6,447,730,750

The above figures show the vast coverage of aid that has been assumed by the United States. When will the time come when it can be discontinued? How long can it be carried on without doing an injustice to our taxpayers, and, those programs within our land that await a lessening of our foreign burden? With each succeeding year the call becomes more insistent to assist our aged, the blind, the mentally deficient and those otherwise handicapped, as well as to promote research and study along lines that will promote the health of our citizenship. These are only a few of the many objectives retarded in our own land because of the tremendous burden we now bear in assisting those outside our Nation, and, maintaining at the same time our own security and defense.

We have come to a time when there must be a reappraisal of the things to be done, a close examination of our national resources and financial ability, as well as the extent to which we can do all that our hearts prompt us to do to relieve need and provide security at home and abroad.

The thoughts that I have expressed are not due to any lack of appreciation up my part of the need that exists elsewhere, but, merely to awaken us to a realization that we must proceed with caution or we will lose in our own land that which we seek to preserve in other lands. I appeal for a common sense decision in matters such as this, that so vitally affect our future welfare and that of the world.

Mr. RICHARDS. Mr. Speaker, the bill as reported back by the conference represents what I consider a fair adjustment of the major differences between the two Houses. At the same time, I feel the conferees did a good job of retaining in the conference agreement the basic principles adopted by this House, while incorporating certain Senate provisions which reinforce those principles.

We have come out with a total figure of \$6,447,730,750. This is \$273,130,750 more than the House authorized, but by the same token it is \$273,130,750 less than the amount authorized by the Senate. The figures in the agreement were reached through an equitable formula of dividing equally the difference between the two Houses in each authorization.

The conference agreement retains the Vorys amendment adopted by the House on the repeal of the ECA Act of 1948, with certain perfecting amendments. This will make it clear that the ECA Act is out after June 30, 1952, in keeping with the strong sentiment of this House on that subject. We have kept in the reduction-of-personnel provision, except that the committee of conference changed the percentage to 5 percent. Also included in the conference agreement are several provisions relating to counterpart funds which will increase their efficient use. In section 9 (b) of the conference agreement we have increased from 5 to 10 percent of the percentage of counterpart funds which must be set aside for strategic materials needed by the United States. The 10 percent represents a minimum and not a maximum. In section 9 (c) we have adopted a Senate provision in lieu of a similar House provision, which will permit a more flexible use of the counterpart funds to encourage free enterprise by establishing revolving funds available for making loans and helping to expand the economies and productivity of the countries receiving aid under this program. The third counterpart provision found in the conference agreement is in section 7 (m) and will be a new section 539 of the Mutual Security Act. In adopting this section, the conferees on the part of the House felt that this House would agree with the principle of that provision that counterpart funds should be used primarily for military assistance or defense support purposes wherever possible. Finally, on the subject of counterpart funds, the conference agreement retains a Senate provision which permits the use of these funds for student exchange programs authorized by the Fulbright Act. Another Senate provision adopted in conference, in which I believe this House will concur, is the Dworshak amendment, banning the use of funds for propaganda in the United States in support of the Mutual Security Program.

Several provisions adopted by this House are not retained in the agreement. Perhaps the major one is the offshore procurement section, which provided that not less than \$1,000,000, 000 must be used to purchase end items outside the United States. The committee of conference felt that such a provision was not needed, especially where authority already exists under the Mutual Defense Assistance Act to make such purchases. But we do expect that authority to be utilized to the extent and when it is to the advantage of the program to do so. Another House provision not found in the agreement is the section which limited dollar expenditure under point 4 for supplies and equipment to not more than three times the dollar costs for technical personnel. It was felt that this provision was too drastic for this year where point 4 funds have been reduced. But in the conference report, on page 21, you will find a strong statement which indicates the legislative intent concerning the program that point 4 should not be-

come a commodity program, contrary to the basic principle laid down by the Congress.

There are other adjustments in the conference agreement, but in the main the more important ones I have already outlined. I believe we now have before us a better bill than either the House or Senate version, better coordinated and better designed to enable the program to move ahead with a maximum of efficiency and a minimum of cost to the American taxpayer.

I want to say just a word about the achievements of the minority members of the House conferees. The gentleman from Ohio [Mr. VORYS] and his colleague [Mr. CHIPERFIELD] fought valiantly and ably for the House money figures and for other provisions put in the bill by the House. They came out with what I think is even more than their share of victory. We often disagree, and did disagree, in conference on this bill, but I respect them and their views.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Iowa.

Mr. GROSS. When the bill passed the House it carried a mandatory provision that a billion dollars be spent on products of foreign manufacture. Do I understand that provision of the bill is stricken?

Mr. RICHARDS. That provision was stricken from the bill.

Mr. GROSS. Yes, when I offered the amendment in the House to strike it, the amendment was rejected. What was the reason for striking that out?

Mr. RICHARDS. The fact remains that that provision was not accepted by the conferees and it is not in the conference report.

Mr. SMITH of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. Will the gentleman tell us what happened to the amendment making a limitation in spending on the point 4 program?

Mr. RICHARDS. It was felt by the conferees that 3 to 1 ratio would probably be too restrictive to be contained in the bill and it was deleted. But the report is very critical of the existing 4 to 1 ratio.

Mr. SMITH of Wisconsin. That means that they can go ahead and build fertilizer plants, canals, and all these other things that were not envisaged in the original concept, which was an extension service involving nothing more than that?

Mr. RICHARDS. No. I disagree with the gentleman.

The conference report clearly indicates the wishes of both the House and Senate in that connection. Here is what we say about that—

The committee reports of the House and Senate noted with concern the increasing ratio of supplies and equipment to personnel—4 to 1, and both bodies have expressed the view that it is not desirable to go beyond this ratio. But the proper limit cannot be effectively expressed by a mathematical ratio. Fundamentally the technical assistance pro-

gram is one of teaching and showing; supplies and equipment beyond those necessary for demonstration purposes will convert this into a type of world-wide economic aid program our country cannot afford. This should provide adequate notice to the Administrator as to the legislative intent of this program.

The gentleman in essence has won a victory from the conference report.

Mr. SMITH of Wisconsin. But that will not stop the boys downtown who have this whole scheme planned on a global basis. They will continue to spend and spend until we restrict them.

Mr. RICHARDS. It was thought better not to put the Administration into a strait-jacket of 3-1.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I want to compliment the conferees on coming up with a very fine bill. It is not what some in the House wanted, but actually on the figure that has been arrived at there is just about 400,000,000 cut more, which is approximately the amount that was unobligated on June 30, 1952.

Mr. RICHARDS. I appreciate the gentleman's statement. All of the conferees were not absolutely satisfied. We met the Senate half way. We split the reduction that the House and Senate had made, and met them on a 50-50 basis.

Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Speaker, I signed this conference report and intend to vote for it. I was disappointed over a number of the decisions of the conferees. To be frank about it, I was disappointed earlier over some of the actions here in the House and in our committee on this bill but I realize that in legislation you cannot have it all your own way. Here we practice the art of the possible. This report is about as satisfactory as was possible, under all the circumstances.

When I went into conference I felt mighty lonesome, because except for my colleague, the gentleman from Illinois [Mr. CHIPERFIELD], and myself, every conferee had voted against every floor cut that had been offered in either body; and the score was, therefore 8 to 2. The other conferees had the votes to cut out everything that the House had done, but it is to their credit they did go at it that way.

After about half a day of skirmishing and bargaining we got around to this 50-50 formula on amounts, splitting the difference between the House and Senate figures. The Senate operates in broad generalities and they had cut this bill, not with a meat ax but with a buzz saw, cut off a 15.2 percent slab all the way through. In the House we had been selective and cut where we felt cuts ought to be applied. The conferees might have forced an over-all distribution of the 50 percent adjustment along the lines of the Senate bill. Instead they applied the 50-50 formula selectively and split the difference on each item, so that we preserved the selective

effect of the cuts that were made by the House.

The conference report makes it clear that ECA, ERP, the Marshall plan is over, finished, through, as per schedule, on June 30, 1952. We accomplished this through the language adopted on this floor and in conference and also through the reduction in nonmilitary aid for Europe of \$536,767,000; a 29.5 percent reduction. We have made it clear that economic aid, recovery money, for Europe is out, and only defense support for mutual security is available from now on.

Point 4 has been cut 21 percent. I think, as the conference report states, that this reduction in money will bring point 4 back to its original purpose and keep it from being a world-wide economic-aid proposition.

Let us remember this: We have not appropriated or spent a dime of this yet; this is an authorization bill and the amounts merely provide ceilings under which the Appropriations Committee is permitted to bring in appropriations. I hope they do not consider these maximums as minimums, mistake ceilings for floors.

I am for the principle involved of not having American boys do all the fighting all over the world under the commitments we have made; therefore, I am for the principle involved of furnishing arms aid to countries willing to fight in the common cause.

I am for the principle of furnishing technical assistance to friendly, undeveloped nations; teaching and showing, with supplies and equipment, for demonstrations; but this must not become a world-wide economic-aid program.

The conference report authorizes action based on these principles.

Those of us who voted for the cuts here are going to get another chance to review this. I hope the Appropriations Committee gives us some reductions to vote for. If they do not there may be some floor amendments to bring this to proper size when we finally get to appropriating any money at all for this program.

So in spite of certain disappointments, I feel that the conference report is about as good as we could hope to get.

But lest anything I have said sounds as if the two minority conferees were solely responsible for holding half of the cuts, I would like to remind my colleagues that 2 out of 10 votes do not settle what happens in conference; it required a majority of the House conferees, and I think that the credit or blame for what has been done, cutting this \$1,468,750,250 below what the President demanded and what his candidate for President, Mr. Harriman, said was absolutely necessary, I think the credit or blame should be properly assessed. Our chairman, the gentleman from South Carolina [Mr. RICHARDS], is a very genial but very tough man; he was tough in committee; when we came to the floor he supported his committee bill against all comers; when we got to conference the results show that he supported the House position in striking a compromise, in spite of the

angry and anguished words of Messrs. Truman and Harriman. These results show that he is loyal to his committee, he is loyal to the House, he is loyal to his President when his President is right, but he is, above all, loyal to his own patriotic but at times somewhat stubborn convictions.

In view of the fact that this authorization is merely the first chapter in the consideration of appropriations for mutual security for next year and that we have put ceilings of nearly a billion and a half below where they started out, I feel that we are justified in approving this conference report.

Mr. RICHARDS. Mr. Speaker, I yield to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Speaker, is it not a fact, as I see from the report, that the sections designed to bring as much as possible private enterprise into this whole program, especially section 7 (k), have been retained in the bill; and, as I understand it, that it is the intention of our committee to follow through and see that the various Government departments concerned implement those sections and do something about them as a very sure way of seeing that our burdens from the Government side are reduced?

With reference to section 7 (k), is it not also a fact that the agencies mentioned in that section must move ahead with their responsibilities at once and not wait until a Department of Commerce study is made, that they should work closely together and with the Director for Mutual Security, and that in any case the Department of Commerce complete its study by the end of this year?

Mr. RICHARDS. Mr. Speaker, I yield to the gentleman from Tennessee [Mr. REECE].

Mr. REECE of Tennessee. Mr. Speaker, first I want to express my agreement with the very complimentary reference that the gentleman from Ohio has made with respect to the chairman of our committee. May I ask this question: When the foreign aid bill was up a year ago, the House adopted an amendment prohibiting, I believe, the payment of taxes to any of the participating countries out of the funds appropriated. As I understand, as a result of the work which has been done at the present time no taxes are being paid to foreign nations on the expenditures which we are making under authority of the present legislation?

Mr. RICHARDS. I will say to the distinguished gentleman from Tennessee that due to the insistence of the Foreign Affairs Committee of the House, the practice that the gentleman has mentioned of foreign governments charging taxes on the aid we are giving them has practically ceased and the evidence before the committee shows that. I think the gentleman from Tennessee was perhaps the first one who proposed the step along this line before our committee.

Mr. REECE of Tennessee. May I say that the chairman expressed agreement with that and was cooperative in developing the program which is now in effect.

Mr. RICHARDS. The gentleman is correct. Mr. Speaker, I yield to the gentleman from Kansas [Mr. SCRIVNER].

Mr. SCRIVNER. Will the chairman of the committee inform the House as to what action was taken in conference on the matter relative to the transfer of military funds and military equipment and the remuneration therefor?

Mr. RICHARDS. The gentleman's amendment was retained in the bill.

Mr. SCRIVNER. I thank the gentleman.

Mr. RICHARDS. Mr. Speaker, I yield to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Speaker, am I correctly informed that under the provisions of the Mutual Security Act any amount of money can be spent for the products of foreign manufacturers?

Mr. RICHARDS. No. Mr. Speaker, I yield to the gentleman from Missouri [Mr. ARMSTRONG].

Mr. ARMSTRONG. I appreciate the gentleman yielding to me. I want to ask him if in the conference report there is any change made in the amount appropriated for equipping and utilization of the troops in Asia that are not now being utilized? I refer specifically to the loyal Chinese troops which a year ago I inquired about and there was some discussion. I was assured we were making preparation for their utilization to fight for their own freedom and ours. Can the gentleman tell us whether that provision is in there and, if so, what is going to be done about it?

Mr. RICHARDS. There is no provision in there in addition to existing law.

Mr. VORYS. Mr. Speaker, there are \$534,870,500 for military aid in Asia; however, it is secret as to how that is distributed as between Formosa and the other areas.

Mr. RICHARDS. That is correct. I do not think that was the point the gentleman had in mind. Of course, the statement of the gentleman from Ohio is correct.

Mr. O'TOOLE. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from New York.

Mr. O'TOOLE. It is our sincere hope that there is nothing in this bill as it is now that would cause any further dissension between General Eisenhower and Senator TAFT.

Mr. RICHARDS. I hope not.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. MASON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 230, nays 115, answered "present" 1, not voting 85, as follows:

[Roll No. 94]

YEAS—230

Abbitt	Ayres	Bender
Addonizio	Baring	Bennett, Fla.
Allen, Calif.	Barrett	Bentsen
Angell	Bates, Mass.	Boggs, Del.
Armstrong	Battle	Boggs, La.
Aspinall	Beall	Boiling

Bolton	Harrison, Va.	Murray	St. George	Smith, Wis.	Vursell
Bonner	Hart	Norblad	Schenck	Stanley	Wharton
Bosone	Hays, Ark.	O'Brien, Ill.	Scrivner	Stockman	Whitten
Boykin	Hays, Ohio	O'Brien, Mich.	Scudder	Taber	Williams, Miss.
Brown, Ga.	Hébert	O'Brien, N. Y.	Secrest	Talle	Wilson, Tex.
Brownson	Hedrick	O'Neill	Shafer	Thompson,	Winstead
Bryson	Heffernan	Osmers	Sheehan	Mich.	Withrow
Buchanan	Heller	Ostertag	Simpson, Ill.	Vail	Wolcott
Burleson	Herlong	O'Toole	Simpson, Pa.	Van Pelt	Wood, Idaho
Burnside	Herter	Patman	Smith, Kans.	Velde	
Burton	Heseltan	Patterson			
Byrnes	Holmes	Perkins			
Camp	Howell	Philbin			
Canfield	Irving	Poage			
Cannon	Jackson, Wash.	Polk			
Carnahan	James	Preston			
Carriag	Jarman	Price			
Case	Javits	Priest			
Chatham	Jones, Ala.	Prouty			
Chapierfield	Jones, Mo.	Rabaut			
Chudoff	Jones,	Radwan			
Clemente	Hamilton C.	Rhodes			
Combs	Judd	Ribicoff			
Cooper	Karsten, Mo.	Richards			
Corbett	Kean	Riehman			
Cotton	Kearney	Riley			
Coudert	Keating	Rivers			
Cox	Kee	Roberts			
Crosser	Kelley, Pa.	Rodino			
Crumpacker	Kelly, N. Y.	Rogers, Colo.			
Cunningham	Keogh	Rogers, Fla.			
Dague	Kersten, Wis.	Rooney			
Davis, Ga.	Kilburn	Roosevelt			
DeGraffenried	Kilday	Ross			
Delaney	Kirwan	Saylor			
Dempsey	Klein	Scott, Hardie			
Devereux	Kluczyński	Scott,			
Dollinger	Lane	Hugh D., Jr.			
Donohue	Lanham	Seely-Brown			
Donovan	Lantaff	Shelley			
Durham	Latham	Sieminski			
Eaton	LeCompte	Sikes			
Eberharter	Lesinski	Sittler			
Elliott	Lind	Smith, Miss.			
Ellsworth	Lucas	Smith, Va.			
Engle	McCarthy	Spence			
Ewins	McConnell	Springer			
Fallon	McDonough	Staggers			
Feighan	McGrath	Steed			
Fernandez	McGuire	Taylor			
Fine	McMillan	Teague			
Fogarty	McMullen	Thomas			
Forand	Machrowicz	Thompson, Tex.			
Ford	Mack, Wash.	Thornberry			
Forrester	Madden	Tollefson			
Fulton	Magee	Trimble			
Furcolo	Mahon	Van Zandt			
Gary	Mansfield	Vinson			
Gathings	Marshall	Vorys			
Gordon	Martin, Mass.	Watts			
Gore	Meador	Welchel			
Granahan	Morrow	Wickersham			
Granger	Miller, Md.	Widnall			
Grant	Miller, N. Y.	Wier			
Green	Mitchell	Wigglesworth			
Greenwood	Morgan	Williams, N. Y.			
Gregory	Morrison	Willis			
Hall,	Morton	Wolverton			
Edwin Arthur	Moulder	Yates			
Halleck	Multer	Yorty			
Hardy	Murdock	Zablocki			
Harris	Murphy				

NAYS—115

Abernethy	Colmer	Jenison
Adair	Curtis, Nebr.	Jensen
Allen, Ill.	Davis, Wis.	Jonas
Allen, La.	D'Ewart	Jones,
Andersen,	Dolliver	Woodrow W.
H. Carl	Dondero	Kearns
Anderson, Calif.	Dorn	King, Pa.
Andresen,	Doughton	Larcade
August H.	Elston	McCulloch
Andrews	Fisher	McGregor
Arends	Gavin	McIntire
Baker	George	Mack, Ill.
Barden	Golden	Mason
Beamer	Graham	Miller, Nebr.
Belcher	Gross	Mills
Bennett, Mich.	Gwinn	Mumma
Berry	Hagen	Nelson
Betts	Hand	Nicholson
Bishop	Harden	Norrell
Bow	Harrison, Nebr.	O'Hara
Bray	Harrison, Wyo.	Passman
Brooks	Harvey	Patten
Brown, Ohio	Hess	Phillips
Budge	Hill	Pickett
Busbey	Hoeven	Poulson
Bush	Hoffman, Ill.	Rankin
Butler	Hoffman, Mich.	Reece, Tenn.
Chenoweth	Horan	Reed, Ill.
Church	Hull	Reed, N. Y.
Clevenger	Ikard	Rogers, Tex.

St. George	Smith, Wis.	Vursell
Schenck	Stanley	Wharton
Scrivner	Stockman	Whitten
Scudder	Taber	Williams, Miss.
Secrest	Talle	Wilson, Tex.
Shafer	Thompson,	Winstead
Sheehan	Mich.	Withrow
Simpson, Ill.	Vail	Wolcott
Simpson, Pa.	Van Pelt	Wood, Idaho
Smith, Kans.	Velde	

ANSWERED "PRESENT"—1

O'Konski

NOT VOTING 85

Aandahl	Doyle	Miller, Calif.
Albert	Fenton	Morano
Anfuso	Flood	Morris
Auchincloss	Frazier	Potter
Bailey	Fugate	Powell
Bakewell	Gamble	Rains
Bates, Ky.	Garmatz	Ramsay
Beckworth	Goodwin	Reams
Blackney	Hale	Redden
Blatnik	Hall,	Rees, Kans.
Bramblett	Leonard W.	Regan
Brehm	Havener	Robeson
Buckley	Hillings	Rogers, Mass.
Buffett	Hinshaw	Sabath
Burdick	Hollfield	Sadlak
Carlyle	Hope	Sasscer
Celler	Hunter	Sheppard
Chelf	Jackson, Calif.	Short
Cole, Kans.	Jenkins	Stigler
Cole, N. Y.	Johnson	Sutton
Cooley	Kennedy	Tackett
Crawford	Kerr	Walter
Curtis, Mo.	King, Calif.	Welch
Davis, Tenn.	Lovre	Werdell
Dawson	Lyle	Wheeler
Deane	McCormack	Wilson, Ind.
Denny	McKinnon	Wood, Ga.
Denton	McVey	Woodruff
Dingell	Martin, Iowa	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Leonard W. Hall for, with Mr. Martin of Iowa against.

Mr. Auchincloss for, with Mr. Buffett against.

Mr. Hale for, with Mr. O'Konski against.

Mr. King of California for, with Mr. Werdell against.

Mr. Bakewell for, with Mr. McVey against.

Mr. Dingell for, with Mr. Bramblett against.

Mr. McCormack for, with Mr. Burdick against.

Mr. Hinshaw for, with Mr. Brehm against.

Mr. Gamble for, with Mr. Powell against.

Mr. Rains for, with Mr. Jenkins against.

Mr. Denton for, with Mr. Woodruff against.

Mr. Frazier for, with Mr. Short against.

Mr. Hollfield for, with Mr. Crawford against.

Mr. Walter for, with Mr. Blackney against.

Mr. Buckley for, with Mr. Lovre against.

Until further notice:

Mr. Aandahl with Mr. Garmatz.

Mr. Hillings with Mr. Miller of California.

Mr. Hunter with Mr. Doyle.

Mr. Wilson of Indiana with Mr. Dawson.

Mr. Jackson of California with Mr. Kennedy.

Mr. Cole of Kansas with Mr. Flood.

Mr. Fenton with Mr. Kerr.

Mr. Potter with Mr. Wheeler.

Mr. Sadlak with Mr. Welch.

Mr. Curtis of Missouri with Mr. Tackett.

Mrs. Rogers of Massachusetts with Mr. Sutton.

Mr. Johnson with Mr. Anfuso.

Mr. Morano with Mr. Bates of Kentucky.

Mr. Cole of New York with Mr. Celler.

Mr. Denny with Mr. Morris.

Mr. Goodwin with Mr. Sheppard.

Mr. Rees of Kansas with Mr. Regan.

Mr. REECE of Tennessee changed his

vote from "yea" to "nay."

Mr. O'KONSKI. Mr. Speaker, I have a live pair with the gentleman from Maine, Mr. HALE, who if present would vote "aye." Therefore I withdraw my vote of "no" and vote present.

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6947) entitled "An act making supplemental appropriations for the fiscal year ending June 30, 1952, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 7, 25, and 47 to the foregoing bill.

PROGRAM FOR WEEK OF JUNE 9

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for a long minute to inquire of the gentleman from Tennessee the program for next week.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. PRIEST. Mr. Speaker, in response to the query of the distinguished minority leader, I may say that Monday is District day, and it is planned to call up two bills on the District calendar:

S. 2383, to amend the act entitled "An act to create a board of accountancy for the District of Columbia, and for other purposes," approved February 17, 1923; and

S. 2605, to amend certain tax laws applicable to the District of Columbia.

Also scheduled for consideration on that day is the bill S. 97 which passed the Senate last fall, dealing with an authorization on the Cumberland River.

On Tuesday and Wednesday we have scheduled the bill H. R. 5012 that amends the Navy rations statute.

Mr. MARTIN of Massachusetts. If I might interrupt, that is where the so-called oleomargarine battle comes in?

Mr. PRIEST. That is my understanding. On Wednesday, if a rule is granted, we expect to bring up the emergency statutory provisions. That, of course, is based on the assumption that a rule will be granted.

On Thursday, we have the bill S. 638 which amends the Communications Act of 1934.

I may say, Mr. Speaker, that I have been informed that possibly during the week there will be a conference report on the immigration bill. Of course, any conference reports may be called up at any time, but I think Members would want to know particularly about the possibilities with reference to that bill.

I may say also it is not definite at this time when there might be action in the House, assuming that the Senate might override the President's veto on



Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 10, 1952
For actions of June 9, 1952
32nd-2nd, No. 99

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HIGHLIGHTS: Senate adopted conference report on foreign-aid bill. Ready for President. Sen. Aiken claimed administration pushed down farm prices in 1948 for political purposes. House received conference report on immigration bill. House committee reported emergency-powers continuation bill. Rep. Cooley introduced bill continuing present parity formula for basics.

SENATE

1. **FOREIGN AID.** Agreed, 59-11, to the conference report on H. R. 7005, to extend the Mutual Security Act (pp. 6935-45, 6954-65). This bill will now be sent to the President.
2. **PRICE SUPPORTS.** Sen. Aiken claimed the administration pushed down the farm prices in 1948 for political purposes (pp. 6928-31).
3. **DEFENSE PRODUCTION.** Discussed S. 2594, to extend the Defense Production Act (pp. 6946-52). Formal debate is to be resumed today (p. 6945).
4. **REORGANIZATION.** Received from this Department a proposed bill to provide for an additional Assistant Secretary of Agriculture, an Administrative Assistant Secretary, a periodic review of management of the Department, and delegation of the Secretary's authority to other officials of the Department at his discretion; to Agriculture and Forestry Committee.
5. **TRANSPORTATION.** The Interstate and Foreign Commerce Committee reported without amendment S. Res. 332, authorizing this Committee to investigate the organization and operations of the Interstate Commerce Commission. To Rules and Administration Committee. (p. 6927.)
6. **AGRICULTURAL APPROPRIATION BILL, 1953.** The McKellar amendment to this bill would permit the use of 2½% of the ACP funds, allocated to any State, for determining the most needed conservation practices on individual farms. (The description of this amendment in Digest 98 was in error.)

HOUSE

7. **EMERGENCY POWERS.** The Judiciary Committee reported without amendment H. J. Res. 477, to continue the effectiveness of certain statutory provisions for the duration of the national emergency proclaimed Dec. 16, 1950, and 6 months thereafter, but not beyond June 30, 1953 (H. Rept. 2041) (p. 7044).
8. **IMMIGRATION.** Received the conference report on H. R. 5678, to revise the laws relating to immigration and naturalization (H. Rept. 2096) (pp. 6990-7030, 7040). Rep. Priest stated that this report is expected to be brought up on Tuesday (p. 7041.)
9. **LAND EXCHANGE.** The Agriculture Committee reported without amendment H. R. 5055, authorizing the exchange of certain Federal lands situated in Ontonagon County, Mich., for lands within the Ottawa National Forest, Mich. (H. Rept. 2098) (p. 7044).
10. **SMALL BUSINESS.** Received a report of Select Committee on Small Business, "Problems of Small Business Under the Controlled Materials Plan--A Summary Report" (H. Rept. 2099) (p. 7044). The "Daily Digest" states that this report recommends indefinite continuation of controls on steel, aluminum, and copper (p. D558.)
11. **ELECTRIFICATION.** Passed, 132-120, with amendment S. 97, to authorize the construction, operation, and maintenance of facilities for generating hydroelectric power at the Cheatham Dam on the Cumberland River, Tenn. (pp. 7033-40).
12. **RECLAMATION.** The Subcommittee on Irrigation and Reclamation approved for reporting to the full Interior and Insular Affairs Committee H. R. 6804, to provide that the costs of certain functions served by reclamation projects shall be nonreimbursable under the Federal reclamation laws (p. D558).
13. **PRICE CONTROL.** Rep. Fisher urged that the Office of Price Stabilization be discontinued after June 30, and that the Wage Stabilization Board be abolished (p. 7041).

BILLS INTRODUCED

14. **PUBLIC LANDS.** S. 3302, by Sen. Johnson, Colo., to grant former owners a preference with respect to the purchase of certain real property acquired under the reclamation laws and no longer needed for the purpose for which it was acquired; to Government Operations Committee (p. 6927).
15. **HOUSING; VETERANS' BENEFITS.** S. 3307, by Sen. Monroney, to amend section 506 of the Servicemen's Readjustment Act of 1944, as amended; to Labor and Public Welfare Committee (p. 6927). Remarks of author (pp. 6936-7.)
16. **PRICE SUPPORTS.** H. R. 8122, by Rep. Cooley, to continue the existing method of computing parity prices for basic agricultural commodities; to Agriculture Committee (p. 7045).
17. **TRANSPORTATION.** H. R. 8123, by Rep. Crosser, to establish the finality of contracts between the Government and common carriers of passengers and freight subject to the Interstate Commerce Act; to Interstate and Foreign Commerce Committee (p. 7045).

American. He is a former Premier and former Ambassador to the United States. He not only supports the war against the Communists, but shares Rhee's opposition to any compromise settlement with the North Koreans.

Crisis in Korea appears to be a row over local politics more than anything else. It is clear that the South Koreans are in the war to stay, whatever happens at Pusan. The whole affair is one more example of how political problems—big and small—keep bobbing up to harass the generals who are trying to turn the military end of the strange war in Korea.

MUTUAL SECURITY ACT OF 1952— CONFERENCE REPORT

Mr. CONNALLY. Mr. President, I understand the unfinished business is the conference report in connection with the Mutual Security Act of 1952.

The PRESIDING OFFICER. That is correct.

Mr. CONNALLY. I very much hope that we can complete the consideration of the conference report without any interruption by other matters.

Mr. President, the committee of conference on the Mutual Security Act of 1952 met all day last Tuesday to resolve the differences between the House and Senate versions of that bill. There were a number of differences between the two Houses, all of which were resolved after a careful examination of the issues. Before asking for approval of the conference report, I want to tell the Senate of the more important issues we faced and the way in which they were met.

First. Amounts authorized: The House bill authorized a total appropriation of \$6,174,600,000. The Senate bill authorized an appropriation of \$6,720,861,500—or \$546,261,500 more than was authorized by the House.

The difference between the two Houses was settled by adding \$273,130,750 to the House bill and subtracting the identical amount from the Senate bill. Thus the final over-all figure in the bill now before us is \$6,447,730,750.

Mr. President, that amount was arrived at by a formula which the conference committee adopted of splitting the difference between the House and Senate bills.

The new total figure is distributed as among the various titles of the bill by dividing equally the difference between the two Houses on each authorization. The final figures for each title appear on page 15 of the conference report.

Second. Limitation of funds for propaganda: It will be recalled that the Senate adopted an amendment offered by the senior Senator from Idaho [Mr. DWORSHAK] preventing the use of funds for general propaganda in the United States in support of the Mutual Security Program and for the payment of the expenses of citizens traveling outside the United States for the purpose of publicizing the program in the United States.

The House conferees accepted this amendment. The conferees recognized, however, that there must be a distinction between the use of funds for propaganda purposes, which is prohibited, and their use for supplying legitimate informa-

tion of the type normally made public by the executive agencies in the form of press releases, statistics, and so forth.

Mr. President, in my opinion it ought not to be improper to advise the American people as to what is proposed in the Mutual Security Act. The people of the United States ought to be made to understand what our purposes are and to see the necessity of extending mutual-security assistance to Western Europe in order to build up strength against the invasion of Western Europe by totalitarian hordes.

Third. Encouragement to small business: The House accepted the amendment offered by the junior Senator from Alabama [Mr. SPARKMAN] which was designed to insure that small business will share equitably in furnishing supplies financed by the Mutual Security Program. There was no difficulty about that; the amendment was agreed to.

Fourth. Reduction in personnel: The House version of the bill provided for a 10-percent reduction in the number of United States citizens employed pursuant to the appropriations authorized by this legislation as of January 1, 1952. The Senate conferees agreed that some reduction of personnel was desirable, but felt that there should not be a sharp reduction in personnel at a time when deliveries of military end-items are beginning to arrive in Europe in increasing quantities and when the Technical Cooperation Program is just getting started in some countries.

As a compromise, therefore, we agreed to the House provision reducing personnel in these programs but changed the reduction figure to 5 percent of the number of employees on the payroll as of June 1, 1952. We adopted that date for its effectiveness, rather than a future date, in order to prevent the building up prior to the date of a large number of employees which we did not regard as necessary.

Fifth. Offshore procurement: The House bill provided that not less than \$1,000,000,000 should be used to purchase military end-items outside the United States for use in the Mutual Security Program. This provision occasioned a great deal of debate among the conferees because on the one hand it was recognized that some offshore procurement would be advantageous to the United States by helping our allies to build up their defense production, by requiring them to use their own strategic materials in the manufacture of military equipment, and by relieving to some extent their dollar shortage. On the other hand, a group of the conferees felt that such a provision would result in price increases for such purchases and that offshore procurement might have a tendency to discourage some countries from producing military equipment under their own steam. We did not want to have that sort of situation arise.

It was finally agreed to eliminate entirely the statutory requirement that a specific sum be used for offshore procurement but at the time make it clear in the conference report that existing authority for offshore procurement should be utilized to the greatest extent

possible when such purchases would be advantageous to the total program. We made it a matter of advantage to the United States rather than arbitrarily to require the expenditure of \$1,000,000,000 in offshore procurement, when the advantages, terms, and conditions might not be advantageous to the United States.

Sixth. Use of counterpart to encourage free enterprise: This refers to the so-called Moody amendment. The junior Senator from Michigan [Mr. MOONEY] offered an amendment providing that not less than \$150,000,000 should be used for the acquisition of counterpart funds which in turn would be used to encourage the free enterprise objectives of section 516 of the Mutual Security Act. This amendment was accepted by the House, subject to a reduction in the amount from \$150,000,000 to \$100,000,000.

Seventh. Use of counterpart for defense purposes: This refers to the so-called Case amendment.

Mr. CASE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. CASE. I have noted with interest the fact that the amendment which I offered with respect to the use of counterpart funds was retained in substance by the conference committee. I think the slight change as made is an improvement, because where I excepted things otherwise specifically authorized by the act, the conference report makes an exception as to those things otherwise specifically exempted by law, which constitutes an improvement.

I express my appreciation to the chairman for the consideration accorded my amendment.

Mr. CONNALLY. I thank the Senator from South Dakota. I hope he will support the adoption of the conference report, since he has had such an important interest in it and played such an important part in bringing about its adoption.

The junior Senator from South Dakota offered an amendment to make it clear that counterpart funds generated in the future out of funds authorized under this legislation should be used for projects for military assistance or defense support. This proposal was acceptable to the House conferees subject to an amendment to make it clear that in those cases in the law where counterpart funds are specifically authorized for other purposes, the use of those funds could still be continued. Thus, the Case amendment does not interfere with the use of counterpart funds for such purposes as those set forth in the Moody amendment relating to the encouragement of free enterprise, the Fulbright amendment relating to uses for the exchange program, and other amendments relative to the use of counterpart funds for the purchase of strategic materials.

I understand the Senator from South Dakota is entirely satisfied with the action of the conference committee with respect to his amendment.

Mr. CASE. Mr. President, I am satisfied, as a matter of fact, I think the strategic materials program should be con-

tinued. It certainly was not intended to curtail it in any way.

Mr. WATKINS. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I yield.

Mr. WATKINS. I note in the conference report a provision that some counterpart funds are now to be used for the building of power plants and reclamation projects in Italy, and also in France. Does the amendment mean that no more counterpart funds can be used for projects under way?

Mr. CONNALLY. I do not think so.

Mr. WATKINS. Does the Senator believe the provision prevents their use?

Mr. CONNALLY. No, I do not think it does. The Senator is speaking of the completion of those projects.

Mr. WATKINS. I understand some are already under way. There are a large number of projects.

Mr. CONNALLY. I do not think the amendment interferes with those projects.

Mr. WATKINS. That is what I desired to ascertain.

Mr. CASE. Mr. President, will the Senator yield to me at that point?

Mr. CONNALLY. I yield.

Mr. CASE. It would seem to me with reference to projects which were not started, that funds have undoubtedly been allotted to them; and it is generally understood that if a project is under way and commitments have been made, the commitments should be carried out. These funds would have been obligated prior to the enactment of the bill.

Mr. WATKINS. I might call attention to the fact, if the Senator will yield further, that I had the Library of Congress prepare a statement on reclamation and power projects which have been undertaken in Europe through the use of counterpart funds. They are generated by our funds and are outright grants under this program.

I believe the estimate came to nearly \$2,000,000,000. Obviously, that money has not all been spent yet. What I was trying to determine was if, as a matter of fact, the money can still be used for any of the projects under way. Probably not so much of it will be used for defense.

Mr. CASE. If the chairman of the committee will indulge me a moment—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from South Dakota?

Mr. CONNALLY. I yield.

The PRESIDING OFFICER. The Chair wishes to admonish Senators that the only proper way to interrupt a Senator in debate is to address the Chair and obtain permission for the interruption.

Mr. WATKINS. I apologize to the Chair.

Mr. CASE. It seems to me that the answer will be found in whether commitments of funds have already been made. If a project has been started and a commitment has been made for the project, it could be completed. But as to starting new projects, they would be forbidden unless the act itself made it possible for projects to be under-

taken as a measure of future security for mutual defense assistance.

The purpose of the amendment was to make counterpart funds yield dividends directly for the same purposes for which we are appropriating funds here. It was to prevent the use of counterpart funds for the retirement of the national debt of those countries, and other similar purposes, for which counterpart funds have been used in prior years.

Mr. CONNALLY. The Senator is correct.

Eighth. Use of counterpart for strategic materials: The House bill provided that additional counterpart funds should be made available for United States purchases of strategic materials. The Senate bill had no similar provision. Recognizing the desirability of increasing the sums of counterpart available for this purpose, the conferees agreed to increase from 5 percent to 10 percent the amount of counterpart that can be made available for United States use in the acquisition of strategic materials and for other expenses of the United States Government.

Ninth. The Children's Fund: After resolving differences between the House and Senate bills relative to the amounts to be provided for contributions to the International Children's Emergency Fund, the Senate accepted two House provisos applicable to the contribution of \$16,481,000. Those provisos state that United States contributions to the fund—which carry through until December 1953—shall not exceed 33⅓ percent of the contributions from all governments and that the funds are not to be used in duplication of the activities of other United Nations agencies. The conferees were clear that the Children's Fund should not use American funds in duplicating the activities of other agencies, but recognized that the fund to be most effective must closely coordinate its activities with other agencies such as the World Health Organization.

Tenth. Exports to Russia and satellites: This relates to the so-called Kem amendment, with which the Congress has dealt heretofore. The Kem amendment was adopted by the Congress in May 1951 and was superseded after a few months of very indifferent operation and very unsuccessful application. It was superseded on October 26, 1951, when the Battle bill became the law. I hope Senators will listen to the discussion on the Battle Act by the Senator from Alabama [Mr. SPARKMAN], who will address the Senate at a later time. He points out the success attending the operations of that act and the fact that it has been in operation for only a short time and has not yet had an opportunity to demonstrate its full usefulness in operation.

The Senator from New Jersey [Mr. SMITH] will also discuss that question. He is well-advised on it. He is thoroughly informed, and he has very fine ideas, not alone with respect to that particular matter but with respect to all other matters covered by the conference report.

Mr. SMITH of New Jersey. I thank the distinguished Senator for his kind remarks.

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from New Jersey?

Mr. CONNALLY. I have already yielded, and the Senator from New Jersey has already spoken.

I will say that the Senator from New Jersey richly deserves the slight compliment which the Senator from Texas has seen fit to pay him.

The conferees gave a great deal of attention to the amendment proposed by the Senator from Missouri [Mr. KEM] which would, in effect, completely cut off trade with the Soviet bloc. The House conferees strongly opposed the amendment, which was not in the House bill. It was argued that adoption of the amendment at this time might well result in throwing some of our friends in Western Europe into Communist arms.

Last year both Houses of Congress gave long and careful study to the Kem amendment and decided to replace it with the Battle Act. That act centralized in one person authority and responsibility for seeing that trade with Russia is stopped insofar as that trade may endanger the security of the United States.

The Battle Act has now been in operation for 7 months. Confidential statistics studied by the conferees showed that shipments of primary strategic items decreased from approximately \$7,500,000 in 1951 to less than \$400,000 in the first 5 months of 1952. That is what the Senator from Missouri ought to want. The shipments are dwindling. They are being cut down. The reduction referred to is a reduction of nearly five-sixths in the shipments of these materials from Western Europe to the Soviet bloc in the few months that the Battle Act has been in effect. Shipments of lesser strategic materials have decreased from about \$80,000,000 in 1950 to an average of about \$30,000,000 in 1952.

These figures convinced the conferees that we are moving in the right direction and it was agreed to eliminate the Kem amendment in the bill this year.

The conferees felt that we need careful, calculating, cold-blooded guidance in handling the problems of East-West trade. We need some things from the Soviet bloc such as manganese, ball-bearing steel, railroad cars, chemicals, and similar strategic materials. We are getting these things by careful handling of East-West trade. We can get those things which our soldiers need without trading vital materials to the Soviet Union if we use our heads. But we can also do ourselves great damage if we adopt this amendment which might force some of our friends to forego assistance which will build up their forces for our total defense.

Mr. President, in conclusion let me tell the Senate that we labored long and hard on this report. It represents not only the usual give and take that must be part of conferences between the two Houses, but it represents a great deal of

hard, painstaking labor by conferees who have spent the past 3 months in almost exclusive study of the Mutual Security Act. If the report is rejected, the bill will be dead. There will be no Mutual Security Act. The Congress and the country do not want that to occur. Mr. President, this measure is of vital importance to our defense and to our security.

Let no one talk to me about the Mutual Aid Act representing gifts or grants to foreign nations. The gifts or so-called grants are in our own interest, to build up the defense of the United States, and the security of the United States. That is why the conferees are supporting the bill. That is why the Senator from Texas is in favor of a measure of that kind. It is in the interest of saving the lives of American soldiers and saving the industry and civilization of the United States, of the nations of Western Europe, and of the free peoples of the world.

I very much hope that the conference report will be adopted.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. ELLENDER. During the course of the debates on May 28, 1952, the following question was asked by the Senator from Maine [Mr. BREWSTER]:

I invite the attention of the chairman of the committee to a provision on page 20, section 408 (e), of the act, in which there is a change in the provision which formerly was in effect. It is covered in the committee report on page 57. I am concerned about the amendment to section 408 (e) of the act, that the provisions of section 409, the 50 percent shipping provision, shall not apply to equipment, materials, and commodities made available under this subsection.

The committee report says that the amendment applies only to such materials as are furnished to a foreign nation without cost to the United States, and with the foreign nation's free funds.

However, the report also says that such materials may be supplied on a reimbursable basis, and I desire to state it as my understanding that through no financial transaction of refunding or reimbursement can the 50 percent shipping provision be circumvented as to such materials made available under the act at the expense of the United States.

The RECORD shows that the chairman was in agreement with the foregoing statement. The question I should like to ask is whether there were any developments in the conference which would in any manner change the views of the distinguished chairman with respect to this matter.

Mr. CONNALLY. None at all. We are in agreement with the statement which the Senator has just read. Only those shipments are exempted which are paid for by foreign governments in their own funds, and without any obligation or commitment on the part of the United States.

Mr. ELLENDER. I thank the Senator.

Mr. CONNALLY. Mr. President, I hope the conference report will be adopted. It is signed by every Member of the Senate conferees, and by every

member of the conferees on the part of the House. Does the Senate want to turn down the unanimous decision of the conferees? Members of both Houses have been intimately associated with the bill and have studied it, not for a day, not for a week, but for months. We come to the Senate and say, "This is our considered report. This is what we think the Senate ought to do."

Mr. KEM. Mr. President, as has been stated by the senior Senator from Texas, the chairman of the Committee on Foreign Relations, the Senate conferees on the foreign aid bill, in reaching an agreement with the House, have deleted the amendment previously adopted by the Senate providing that no economic, financial, or military assistance shall be provided to any country which is knowingly permitting the export of arms, military material, or any commodity which is likely to be used in the manufacture of arms or armaments to the Soviet Union or its satellites.

Mr. President, the time has come for a showdown. Either Congress is going to give unlimited support to our men fighting in Korea, or it is not going to give unlimited support to them. We cannot evade the issue. We must stand up and be counted.

THE BATTLE BILL HAS PROVEN INEFFECTIVE

When I offered the amendment to the foreign-aid proposal cutting off American assistance to those of our allies who continue to provide critical material to the forces of world communism, (which amendment was adopted in the Senate) my distinguished colleague from Alabama [Mr. SPARKMAN] suggested that we wait and give the Battle Act a change to work. The same argument has been made by the Senator from Texas.

Mr. President, we have had ample opportunity to see the Battle Act in action. The Battle Act became a law on October 26, 1951. It has failed miserably to halt this disgraceful trading with the enemy. The Senate has weighed it in the balance. On May 28, last, the Senate found it wanting. The record of the O'Connor subcommittee is full of specific instances of the shipment and transshipment of critical goods in large quantities behind the iron curtain. The plain truth is, Mr. President, the Battle Act, contains loopholes through which a 20-mule team can be driven, and the Reds are being allowed to enjoy the full benefit of the situation.

Mr. President, mere assertion is nugatory.

Mr. CONNALLY. Mr. President, will the Senator from Missouri yield?

Mr. KEM. I yield.

Mr. CONNALLY. This is not a foreign aid bill. It is a mutual security bill.

Mr. KEM. These foreign aid bills have been brought up under various names. We started with UNRRA, then we had the British loan, the Marshall Plan, which was supposed to be the plan to end all plans, ECA, and now we have the same old rigamarole under a different name. These bills are all part of the foreign give-away program.

Mr. CONNALLY. Mr. President, will the Senator yield further?

Mr. KEM. I think that the Senator from Texas, realist that he is, will agree that this is a foreign-aid bill and that that is an accurate description of it.

Mr. CONNALLY. Mr. President, the reason I called the Senator's attention to the bill that we are discussing is that I did not want him to be mistaken as to what he was talking about. The Kem amendment has been on our doorstep for a long, long time.

Mr. KEM. I know the Senator's views about the Kem amendment quite well.

Mr. CONNALLY. It has been rejected by Congress after it was tried. It was weighed in the balance and it was found wanting.

Now the Senator from Missouri wants to revive it. He wants to bring it out of its tomb, wants to pull off its shroud, and bring it back and make it appear that it is something that has blood in its veins and arteries and breath in its lungs. But it is dead, and it ought to stay dead.

Mr. KEM. Mr. President, it is interesting to note that the Senator from Texas is intrigued with nomenclature. I think he attaches more importance to it than does the country. The country is not fooled by fancy titles. The country knows that this is a grant or gift to the countries of Western Europe of a tremendous sum of money. It is a part of a long series of similar gifts. Certainly the Senator from Missouri is not inaccurate when he refers to the bill as a foreign aid bill.

Mr. DIRKSEN. Mr. President, will the Senator from Missouri yield?

Mr. KEM. I yield to the Senator from Illinois.

Mr. DIRKSEN. I was merely going to observe that the Kem amendment may be found wanting at the White House, but I do not believe it would be found wanting in the hearts of our people next November.

Mr. KEM. I agree with the Senator from Illinois. His is a very true observation indeed. I should like to say to the Senator from Texas with respect to the Kem amendment being weighed and found wanting, that the Senate has weighed the amendment several times, and the last time it did so, it was not found wanting the other words, it was adopted by the Senate.

According to the conference report on the foreign-aid bill:

The committee of conference examined figures showing substantial reductions in east-west trade in strategic materials since the Battle Act went into effect and found that substantial progress was being made in eliminating this trade.

Why doesn't the conference report set out those figures. The report contains several extensive tables of figures. Why should these particular figures be suppressed, apparently, they did not want the country to know the facts.

Mr. President, I have examined the figures made available to the Conference Committee by the Administration. I find them incomplete and wholly unconvincing. They are labeled "Confidential—security information," although I fail to see anything particularly enlighten-

ing in the presentation. I, too, have compiled some figures and the information I have obtained from official sources is shocking. Apparently the conferees did not have these figures before them.

There is scarcely any material more vital in warfare than rubber. Tanks, guns, trucks and planes all require rubber. During the first 3 months of 1952 Great Britain sold to Russia 43,371 tons of rubber as compared to only 3,200 tons during the first 3 months of 1951.

Mr. President, let us keep the chronology in mind. During the first 3 months of 1951 Great Britain sent to Russia 3,200 tons of rubber. On October 26, 1951, the Battle Act went into effect. During the first 3 months of 1952 Great Britain sent to Russia and her satellites 43,371 tons of rubber.

In April 1952, the last month for which figures are available, Britain sold to Russia 8,179 tons of rubber, as compared with only 861 tons in April 1951.

Again it is worth while to keep in mind the chronology. In April 1951 Great Britain sent to Russia 861 tons of rubber. On October 26, 1951, the Battle Act went into effect. In April 1952 Great Britain sent to Russia 8,179 tons of rubber.

In view of the plain figures which are official figures obtained from the Department of Commerce, how can it be argued that the Battle Act is doing the job? These shipments make it possible for the artillery which fires on our forces in Korea to be equipped with British rubber. Mobile troop carriers used by the Reds to transport troops to the fighting front may likewise move on British rubber.

On August 15, 1951, just a few days before the Battle Act was passed, and while it was pending in the Congress, Sir Hartley Shawcross, president of the British Board of Trade, announced that Britain had reached a new trade agreement with the Kremlin. At that time Sir Hartley left no doubt that the British intend to continue to furnish rubber to Russia and to the satellites.

Mr. President, is there any evidence that this agreement has been canceled? The plain fact is that the British are entering into further and additional trade agreements with Russia and the satellites.

Mr. MALONE. Mr. President, will the Senator from Missouri yield to me?

Mr. KEM. I am glad to yield to the distinguished Senator from Nevada.

Mr. MALONE. Is it not a fact that during the past few months an international trade conference was held in Moscow, and that since that time all reports have agreed that the businessmen of Europe, and particularly those of Britain, have made trade agreements of their own to send to Russia manufactured and processed materials which could be used to equip an army or other military forces?

Mr. KEM. Of course, the Senator from Nevada is quite correct. Those agreements were mentioned when this question was being debated in the Senate on the last occasion. There was no denial then that such agreements were

being entered into, nor is there any denial today.

Mr. President, I challenge the Senator from Texas to deny that those agreements are in effect and that additional and further agreements have recently been entered into between the Government of Great Britain and the Government of Russia.

Mr. MALONE. Mr. President, will the Senator from Missouri yield further to me?

Mr. KEM. Yes; I am glad to yield.

Mr. MALONE. Is it not a fact that the specific difference between the amendment to the Mutual Security Act, known as the Kem amendment—

Mr. KEM. Let me say that the amendment should have been called the Malone-Byrd-Kem amendment, because it was proposed jointly by the able Senator from Nevada [Mr. MALONE], the able Senator from Virginia [Mr. BYRD], and myself.

Mr. MALONE. The amendment has been offered so many times that everyone is familiar with its purport.

I should like to have the distinguished Senator from Missouri state the difference between the Kem amendment or the Byrd-Kem-Malone amendment—by whatever name it should be known—and the Battle Act. My understanding is that the Kem amendment expressly forbids such shipments, whereas the Battle Act gives discretion to the Secretary of State or to the President of the United States or to some other executive official to determine what may be shipped to the satellite countries and to Russia.

Mr. KEM. Yes. I shall reach that point a little later in the debate, if the Senator from Nevada will bear with me.

Mr. MALONE. Very well.

Mr. KEM. However, the Senator from Nevada has stated the difference between the Kem amendment and the Battle Act. The Kem amendment is mandatory; the Battle Act is discretionary. The discretion is vested in the President.

Mr. WATKINS. Mr. President, will the Senator from Missouri yield to me?

Mr. KEM. I yield.

Mr. WATKINS. Does the Senator from Missouri intend to give us any figures in regard to the possible trade between our allies and Red China?

Mr. KEM. Yes, I do; I shall present some interesting and challenging figures in that connection.

Mr. WATKINS. I wish to call the attention of the Senator from Missouri to the fact that it has been reported on reliable authority that commerce between Red China and even other Communist satellites of Russia is constantly occurring, and that ships from Poland, for instance, loaded with strategic materials, pass between Formosa and the mainland of China in the view of our own fleet and in view of the Nationalist Chinese fleet—fleets which could stop that traffic; and yet the traffic continues day after day, and ship after ship

goes into Red China, right through that area.

Mr. KEM. Yes.

Mr. WATKINS. As I understand, those ships go between Formosa and the mainland of China; and we have forbidden the Chinese Nationalist navy—whatever navy the Nationalist Chinese have; and they have some ships which could be used—to interfere with that particular traffic.

Mr. KNOWLAND. Mr. President, if the Senator will yield at that point, I should appreciate it, because a statement which was made a moment ago would seem to warrant an inference which I am sure the Senator would not wish to have made.

Mr. KEM. I yield.

Mr. KNOWLAND. I think the Senator from Utah is saying that the trade that is going on there moves in the channel between Formosa and the mainland of China, and that if the Nationalist Chinese Navy were in a position to stop it, as they formerly did, they would.

However, when the Senator from Utah referred to traffic between Formosa and the mainland of China, some persons might infer that trade in materials of war was going from Formosa to the mainland of China. I do not believe that is the case. I believe that ships from Poland, Hong Kong, and other places are traversing the Formosa channel, going to Shanghai and other places in Red China. I do not believe that any trade in substantial quantities is moving from the Island of Formosa to the mainland of China.

Mr. WATKINS. I thank the Senator from California for calling that point to my attention.

The PRESIDING OFFICER [Mr. NEELY in the chair]. The Chair asks the indulgence of Senators long enough to permit the Chair to call attention to rule XIX, paragraph 1, which provides in part as follows:

When a Senator desires to speak, he shall rise and address the Presiding Officer, and shall not proceed until he is recognized.

That rule will be enforced. A dozen speeches have been made today in the time of the Senator who had the floor, and that has occurred in violation of rule XIX. From now on, it will be enforced.

Mr. WATKINS. Mr. President, will the Senator from Missouri yield to me?

Mr. KEM. I yield to the Senator from Utah.

Mr. WATKINS. I apologize to the Chair for not abiding strictly by the rule; but, let me say, in explanation, that the procedure referred to by the Chair has become more or less of a custom, and has been indulged in a dozen times this morning in the case of other Senators, and the Chair did not then call attention to the rule. However, I am not objecting on that ground.

The PRESIDING OFFICER. Custom cannot justify a flagrant violation of the rule.

Mr. WATKINS. I shall follow the rule.

Mr. President, if the Senator from Missouri will yield further to me, I should like to continue the statement I was making.

Mr. KEM. I yield.

Mr. WATKINS. I appreciate having the Senator from California clear up the point to which he referred.

In making the statement to the Senator from Missouri, I had intended to state that the traffic was moving up the channel between Formosa and the mainland, and that the Chinese Nationalist Navy—and the Nationalist Chinese do have a navy, although it is not a large one—could interfere completely with that traffic, if permitted to do so; but the United States Navy keeps the Chinese Nationalist Navy from interfering with that traffic. In fact, that traffic is now being protected, in effect, by the United States Navy.

I wonder whether the Senator from Missouri has any additional information in regard to that matter and in regard to the condition which exists in that area.

Mr. KEM. Mr. President, I am glad the Senator from Utah has called attention to that point. When this question has previously been discussed in the Senate, there has been a tendency on the part of the opponents of this and similar legislative proposals to pooh-pooh the extent of the trade between Great Britain and China; they have said it is an inconsequential matter, and is merely some grain sifting through cracks in the barn floor.

Recently, in the last few weeks, it was announced that Britain was withdrawing from trade in China, and that the great British trading houses in China were going to be closed. In order to explain the extent to which Britain would suffer as a result of the closing of those houses the facts were disclosed—for the first time, so far as I know; and the enormous extent of that trade was made public.

Mr. President, that trade has been continuing right along since the outbreak of the Korean war. I know of no way of estimating how many American boys have lost their lives or have been wounded for life as a result of having been shot down by military weapons manufactured from goods supplied by our allies. That is the situation before the Senate today. We cannot evade it. We cannot escape it. We must deal with it as a practical matter.

Mr. President, rubber is only one of the many vital items being sold to the Reds at the present time—at this very moment—by the countries of Western Europe. During the first 3 months of 1952, Great Britain sold to Russia \$1,541,280 worth of machine tools. We are told that machine tools constitute a bottleneck in our own effort to build our Air Force. Would that some of these machine tools which are being sold by Great Britain to Russia could find their way into the United States. Then we are told that during the first 3 months of 1952 nearly \$1,000,000 worth of electrical and other machinery was sold to Russia by Great Britain.

Mr. President, Italy is still sending large quantities of ball and roller bearings to the Soviet bloc. Five hundred and eighty-two thousand dollars worth went to the Reds during the first 2 months of 1952.

Mr. President, I now desire to read in that connection from a report of the O'Connor committee, which technically is a subcommittee of the Committee on Interstate and Foreign Commerce. This is from the second part of the report issued under date of February 18, 1952, about 5 months after the Battle Act became effective.

The report is discussing the information which the subcommittee had been able to obtain as to the effect of the efforts which had been made to prevent important strategic materials from filtering into the countries behind the iron curtain. The report admits that these efforts have not been too successful, but they have obtained valuable and interesting testimony as to the effect, when the pinch is felt. I read:

Many of the statements concerning shortages, industrial breakdowns, and economic scars have come from individuals who fled from behind the iron curtain. Some of these individuals were directly in positions of responsibility, and speak at first hand of the effect of these shortages. Others, speaking also at first hand, were in physical contact with the situation.

(At this point, Mr. KEM yielded to Mr. McFARLAND, who proposed a unanimous-consent agreement, and debate ensued, all of which appears at the conclusion of Mr. KEM's remarks.)

Mr. KEM. Mr. President, I was quoting from the O'Connor report of February 18, 1952, and reading statements contained in that report based on testimony coming from behind the iron curtain relative to shortages existing there. I read again:

Many of these statements concerning shortages, industrial breakdowns, and economic scars have come from individuals who fled from behind the iron curtain. Some of these individuals were directly in positions of responsibility, and speak at first hand of the effect of these shortages. Others, speaking also at first hand, were in physical contact with the situation described, as in the case of mechanics describing the difficulties in vehicle maintenance brought about by a shortage of spare parts.

Many of the shortages described are not directly related to the current Soviet armament program, but indicate that there are basic industrial shortages which are being, or eventually will be felt, in the armament program. Notable among the shortages are ball bearings and certain nonferrous metals essential to so many aspects of war production.

The situation has become so grave that in Czechoslovakia attempts have been made to manufacture substitute types of ball bearings from plastics which pulverize in a brief period of use. The few good ball bearings that are available often go into manufactured products shipped to Russia. (It is interesting to note that Russia will not accept machinery if Czech ball bearings are incorporated in it.) Roller bearings also are in short supply and this affects machinery and, particularly, railroad rolling stock.

Mr. WATKINS. Mr. President, will the Senator from Missouri yield?

Mr. KEM. In just a moment, I should like to complete the reading of these items. It will not take very long.

A former employee of the Kovo Co. ball-bearing division, Prague, reported that as of mid-1951, ball bearings were being imported from France by air mail. According to this source, the illegal shipments of these ball bearings are referred to as "Action B." Ball bearings are alleged to have been obtained not only from France, but also from Switzerland, England, and Finland. The source stated that the best supplier of ball bearings for Czechoslovakia was a firm located in Italy, which has been engaged in other questionable transactions. (The names of these firms and such details of the transactions as are available have been turned over to the appropriate agencies of the United States Government for action in the event the allegations as to deliveries are found to be correct.)

In one instance the firm MEZ (the Moravian Electrotechnical Works) delivered electric motors for the power plant at Auschwitz. Two weeks later the bearings had burned out and the electrical engineers were summoned from Czechoslovakia for repairs. The Czech bearings had to be removed and Swedish bearing substituted.

Mr. President, that shows that it is not simply an academic question with which we are dealing. The question is whether we are going to supply these essential war materials through our allies to Russia, the satellites, and the Reds in China.

I now yield to the Senator from Utah.

Mr. WATKINS. I should like to invite the Senator's attention to a statement made by the distinguished chairman of the Foreign Relations Committee that one of the things which our allies have been receiving is ball bearings. How can the Senator reconcile what he has just read with the statement of the chairman of the Foreign Relations Committee?

Mr. KEM. I cannot reconcile it.

It seems to me, if we are going to discuss the matter intelligently, the figures on which the conferees say they relied ought to be set forth in the RECORD so that Members of the Senate can examine them and the public can know what the figures are.

Mr. WATKINS. What was the source of the information which the Senator just gave us?

Mr. KEM. It was the report of the O'Connor subcommittee of the Committee on Interstate and Foreign Commerce pursuant to Senate Resolution 365 of the Eighty-first Congress.

Mr. WATKINS. Does the report give the source of the information?

Mr. KEM. The information which I read was obtained from statements made by individuals who were directly in positions of responsibility and could speak of what has gone on behind the iron curtain. I take it they are individuals who have become refugees and are now in some of the western European countries.

Mr. MARTIN. Mr. President, will the Senator from Missouri yield?

Mr. KEM. I yield.

Mr. MARTIN. If the source of our information is correct, would it not be very helpful to the morale of our troops

in Korea if the information were given to them that the industrial side of Russia and its satellites is breaking down because they do not have the proper supplies, such as ball bearings and things of that character?

Mr. KEM. I think it would be helpful, and I believe that in fairness our troops should know that our allies in western Europe are continuing the shipment of essential materials to Russia, her satellites, and Communist China. That is vital information to which they are entitled.

Mr. President, a great metropolitan newspaper has at its masthead the legend "All the news that is fit to print." On the day the so-called Kem amendment was adopted in the Senate by a yea-and-nay vote of 40 to 32, as I recall, that newspaper contained an extensive report on the proceedings in the Senate of that day. The article referred to other amendments which were adopted, but no mention was made of the war-goods amendment. I read that great newspaper frequently, and I have seen no mention of the amendment since. It may be said that the adoption of the amendment came too late to be incorporated into the report, but the fact is that the roll call on final passage of the bill was reported in the article.

Mr. MARTIN. To refresh my own memory, what was the vote on the amendment?

Mr. KEM. As I recall, it was 40 to 32. I will ask the clerk to correct me, if I am wrong.

Mr. MARTIN. And I think it would be well also to have the date appear in the RECORD.

Is it not true that there is much information going out over the Nation at the present time to the effect that we are deficient in air power and other mechanical instruments of warfare in Korea, which is very detrimental to the morale of our troops who are fighting one of the most difficult wars in the history of American warfare?

Mr. KEM. I think that is a fair statement. Those troops are entitled to know the facts. They are entitled to know exactly what Congress is doing to back them up. I believe they are also entitled to know just what Congress is not doing to back them up. If the Senate today declines to send back the conference report with instructions to insist on our amendment, I believe every man in the front line in Korea is entitled to know it.

Mr. MARTIN. Mr. President, will the Senator yield further?

Mr. KEM. I yield to the Senator from Pennsylvania.

Mr. MARTIN. As the distinguished Senator from Missouri so well knows, our casualties in Korea are about as heavy as they have been in any other war in which we have been engaged. Furthermore, our men in Korea are so far removed from their homes that anything which could be given them to help boost their morale would certainly be a patriotic thing for America and its allies to do. Does not the Senator agree with that view?

Mr. KEM. Yes; and the statement comes with authority from the Senator from Pennsylvania, who himself is a distinguished soldier and knows what it means to be in battle.

Mr. MARTIN. Mr. President, I am past the age for service, but I have been following the work of our men in Korea with not only great personal interest, but with great American interest. Those men face adverse conditions such as few other troops in the history of the world have ever been confronted with. So it seems to me it is the duty of Congress and of the American people to do everything possible to aid our fighting men, particularly from the standpoint of morale. Does not the Senator agree with me?

Mr. KEM. I agree. I am heartened by the fact that the distinguished Senator from Pennsylvania should have made the statement, because he knows whereof he speaks.

The PRESIDING OFFICER. The clerk informs the Chair that the vote on May 28, about which the Senator inquired a moment ago, was: yeas 40, nays 32.

Mr. KEM. I thank the distinguished Presiding Officer. My recollection of the vote was that it was 40 to 32.

Mr. President, what we are being asked to do today is to withdraw from the patriotic position we took on May 28, and to accede to the views of the other branch of Congress.

In that connection, I was very much intrigued by the statement of the Senator from Texas [Mr. CONNALLY] that if the Senate takes a firm stand on this matter, the foreign-aid bill will be dead. Mr. President, why should we accede any longer to the views of the House? Why should we not stand up manfully for the position we ourselves have taken. Since when has it become necessary for the Senate to accept, without quibble or question, a view taken by the House on an important public question. Surely the vote of 40 to 32 is entitled to some consideration. I am sure the Senator from Texas was correct when he said the report had been signed by all members of the committee on conference, but I believe he would also verify the fact that during deliberations of the committee on conference two Members of the Senate voted for the position the Senate had taken. So it cannot fairly be said that the report is anything more than a compromise. It cannot fairly be said that it represents the views of all the members of the conference, since in the deliberations of the conference two Senators objected to it.

Mr. President, Western Germany has sent, and is continuing to send, large quantities of iron and steel, including scrap, steel-mill products, castings, and machinery, vehicles, and nonferrous metals, as well, to China and other Soviet bloc countries. In 1951 Western Germany sold to Soviet bloc countries \$17,244,000 worth of iron and steel, \$16,142,000 worth of machinery, \$3,625,000 worth of vehicles, including trucks, and \$81,000 worth of nonferrous metals.

During the first 2 months of 1952 Western Germany sold \$900,000 worth of iron and steel to Czechoslovakia; \$200,000 worth of vehicles to Poland, and \$770,000 worth of machinery to Hungary.

One could go on almost indefinitely, citing example after example.

Mr. FERGUSON. Mr. President, will the Senator yield for a question?

Mr. KEM. I yield.

Mr. FERGUSON. Is the Senator familiar with the fact that in 1947, when we were furnishing materials to Great Britain, Great Britain furnished about 36 jet engines to Russia, that Russia has perfected those engines somewhat, and that they are now the engines in the MIG's that are being used by the North Koreans and the Communists in North Korea against American flyers and American troops?

Mr. KEM. I recall that. I also recall that when the Battle Act was under discussion in the Senate I mentioned in debate that a MIG had recently been shot down in Korea, that its engine had been examined, and it was found to be a Rolls Royce engine of British manufacture.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. KEM. Yes; but first I wish to finish my statement.

The British Embassy in Washington immediately issued a denial of the truth of the statement. My authority was Time magazine. I sent the statement of the British Embassy to the editor of Time, and in due course I received a letter saying that Time magazine had investigated the matter carefully, but was not in a position to give the source of its information. However, the editor said that he stood by the statement and had every reason to believe it was correct.

I now yield to the Senator from Michigan.

Mr. FERGUSON. The Senator from Missouri would have no reason to believe, would he, that the engine could not have been one of the original engines furnished under a trade agreement, and by trade between Great Britain and Russia?

Mr. KEM. It could well have been. As was said in debate one day by the Senator from Vermont [Mr. FLANDERS], who himself is a machine-tool manufacturer, machine tools are the only inanimate objects that have a capacity to reproduce themselves. It could be said of a MIG engine, that it can be used as a model for the production of untold numbers of similar engines.

Mr. FERGUSON. Mr. President, will the Senator yield for another question?

Mr. KEM. I yield.

Mr. FERGUSON. On February 21, 1952, I placed in the RECORD a letter sent to me by a firm in Michigan, which had received it from a firm in Holland, indicating that the United States Government was prohibiting the importation of ink into Hong Kong and Communist China, thereby refusing to give a permit to an exporter to ship ink from Detroit, and from Michigan, to Communist China. I agreed with that philosophy, because it is a well-known fact that the Chinese would have used the ink for propaganda purposes and, therefore, it

would have come within the amendment offered by the distinguished Senator from Missouri. But it is not only Great Britain which is trading with the enemy; it is also some of our larger allies. Again, I should like to call the matter to the attention of the Senator from Missouri, and ask him whether ink would not be prohibited under his amendment? The letter to which I referred was from a Dutch firm to a Michigan firm, and reads as follows:

One of our business friends in Hong Kong informed us that he is much interested in buying your printing inks. However, as the United States authorities are forbidding the direct export to Hong Kong of this article, we shall be pleased to learn from you at your earliest convenience whether you would be willing to forward the goods to us for payment in United States dollars. The Dutch authorities are willing to grant us a transit license for these goods, so that we could ship the inks from here to Hong Kong.

In other words, the Dutch firm would take American dollars and buy the ink from the Michigan firm, and then the Dutch authorities would permit the ink to be sent directly to Hong Kong. From there it could get into Communist China. Is not that the kind of procedure which the distinguished Senator from Missouri has in mind when he wants at least to try to stop trading with the enemy?

Mr. KEM. That is one kind of business I have in mind. The transshipments are just as important as the direct shipments. What seems to be going on, to a large extent, is that strategic war materials are sent to the so-called free ports in Europe, consigned to some consignee in one of those ports, and then they are transshipped to a consignee behind the iron curtain.

Mr. FERGUSON. This letter would indicate that that is the method of doing business.

Mr. KEM. Yes.

Mr. FERGUSON. American dollars were used to have the goods shipped to a Holland firm, and then they were immediately transshipped, whereas our own authorities and our own business firms—and I think rightly so—would not be able to ship directly. However, they are doing by indirect action what should be stopped. Is not that correct?

Mr. KEM. Exactly. I shall reach this phase of the matter latter. The authorities in this country are doing a pretty good job in enforcing a law which forbids the shipment of strategic war materials from ports in the United States to countries behind the iron curtain. We have imposed that discipline on ourselves. We have carried it out pretty well. At least, my investigation so indicates. The purpose of this amendment is simply to ask that our friends and allies in Western Europe subject themselves to the same discipline which we are imposing on ourselves. Could anything be fairer than that?

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. FERGUSON. Mr. President, I had in mind one further question, if the Senator will yield.

Mr. KEM. I yield to the Senator from Michigan.

Mr. FERGUSON. It is claimed that the reason we should not strike down this trade between European countries and our allies on the one hand, and the iron-curtain countries and the Communist countries on the other, is that it permits European countries and our allies to build up their business and to obtain certain articles from the iron-curtain countries.

Mr. KEM. That argument was made today by the Senator from Texas.

Mr. FERGUSON. Does not the ink situation to which I called attention show that they carry on such trade not to build up their own industries and their own economic systems, but simply to carry on trade? They are willing even to take American-made articles, such as the ink to which I referred, pay American dollars for it, and ship it directly into a Communist country. Therefore, to that extent they are not actually building up their own industries. Is not that correct?

Mr. KEM. Exactly.

Mr. FERGUSON. So it cannot be true that all they desire to do is to have some trade to build up their own industries, and that they cannot live without building up such industries. The example which I have cited shows that they are willing to buy American-made goods with American dollars and send them behind the iron curtain.

Mr. KEM. The worst of it is that the countries in Western Europe are in some cases selling to Russia and the satellite countries war materials identical with those which we are giving to our allies. I do not mean that I have any evidence that the same goods have been sold, but there is ample evidence that identical items—for example, ball bearings and machine tools, which are being given by us to the countries of Western Europe—are in turn being sold by those very countries to Russia and her satellites.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

ENGLAND'S JET ENGINES TO RUSSIA

Mr. MALONE. Does the distinguished Senator from Missouri remember that early in March, when the first Marshall plan was before the Senate, the junior Senator from Nevada made the accusation that jet engines had been sold to Russia by Britain, late in 1947 and early in 1948?

Mr. KEM. I remember that the Senator from Nevada advised the Senate to that effect.

Mr. MALONE. Those shipments were violently denied by our then National Defense Secretary, but within a few months the sale was confirmed by press reports, and it was later confirmed in the manner the distinguished Senator from Missouri has outlined, he having traced it through the report by Time magazine—and further by the similarity of the Russian and English planes.

Mr. President, will the Senator further yield?

Mr. KEM. I yield.

ENGLAND'S TRADE TREATY WITH RUSSIA

Mr. MALONE. Also on March 4 or 5, 1948, the junior Senator from Nevada

inserted in the RECORD a trade treaty between England and Russia, including schedules 1 and 2 of equipment for delivery by the United Kingdom to the USSR.

Without reading all the items in detail, I merely mention steam power turbine stations, 500-kilowatt; 50-kilowatt mobile Diesel-electric generators; scientific and laboratory apparatus; ball mills for copper-ore grinding; ball mills for grinding apatite; railway steam cranes; 154-kilovolt voltage transformers; complete distributing sets (13.8 kilovolts); 100-kilowatt electric motors, and so forth.

There is a long list. That list was taken from only one out of 86 known trade treaties which had been made by the European Marshall-plan countries with Russia and the iron-curtain countries.

THE BYRD-KEM-MALONE AMENDMENT

I remember that the distinguished Senator from Missouri debated the question before the Senate at that time. Upon those facts was predicated what has since become known as the Kem amendment, originally the Byrd-Kem-Malone amendment, or whatever it may be called.

The distinguished Senator from Missouri and the junior Senator from Washington have continually debated the question as to why nations which were obtaining monetary assistance and industrial machinery free from the taxpayers of America should not conform to the same trade rules and regulations to which American citizens were forced to conform.

BALL BEARINGS-MANGANESE NOT NEEDED FROM RUSSIA

I point out further that while ball bearings have been shipped from Marshall-plan countries to Russia and the iron-curtain countries, the distinguished Senator from Texas [Mr. CONNALLY] mentioned ball bearings as something we must obtain from Russia. Of course nothing could be further from the truth.

Manganese has been built up by the State Department as being one of the things which it is necessary for the United States to obtain from Russia. Again nothing could be further from the truth. We let our own manganese deposits in this country lie dormant. There is more manganese in Brazil and India than all three nations could use in the next 100 years. Yet we utterly ignore Brazil and send 100,000,000 tons of wheat to India with no requirement of the materials which India could easily produce.

TIMBER AND FOODSTUFFS

It is also said that Europe must obtain timber and foodstuffs from Russia. We have available for shipment to Europe plenty of timber and foodstuffs in the United States to more than equal all the purchases made from Russia by Europe. So that argument simply does not hold water. It is just another excuse to furnish Russia the war materials they need to fight us.

I wish to compliment the Senator from Missouri. If he will allow me, I

shall again place in the RECORD articles V and VI of a treaty signed by Anthony Eden and V. Molotov in 1942. It could be called a military and mutual-defense pact. Article VI reads as follows:

ENGLAND AND FRANCE HAVE MILITARY AND ECONOMIC PACT WITH RUSSIA

The high contracting parties agree to render one another all possible economic assistance after the war.

Article VII says:

Each high contracting party undertakes not to conclude any alliance and not to take part in any coalition directed against the other high contracting party.

In a treaty made by France in 1944, and signed by Mr. Bidault and Mr. Molotov—Mr. Molotov is very active in these matters—there is to be found a significant provision.

Article V says:

The high contracting parties undertake not to conclude any alliance and not to take part in any coalition directed against either of the high contracting parties.

Article VI says:

The high contracting parties agree to render each other every possible economic assistance after the war, with a view to facilitating and accelerating the reconstruction of both countries, in order to contribute to the cause of world prosperity.

Mr. President, I should like to ask the senior Senator from Missouri if it would not appear that both countries have agreed to do the same thing with the United States under the Atlantic Pact—NATO—and whether it would not appear that they are carrying out to the letter the two treaties to which I have referred?

Mr. KEM. That is my information.

Mr. President, as I understand, when we discussed the subject previously in the Senate the position of the opponents of the amendment now under discussion was that the trade was inconsequential, and that it was not sufficient to justify our taking the drastic action that was proposed. Now I understand them to say, "We admit that there was very considerable trade prior to October 26, 1951, but our position is that the Battle Act has cut it off, and the situation complained of no longer exists."

So, Mr. President, in addressing the Senate today, I am confining my observations to what we know has transpired since October 26, 1951, the date the Battle Act went into effect. In other words, I am accepting the issue laid down by those who are urging the adoption of the conference report and saying that the Battle Act is doing the job. What I am pointing out is the extent of the shipments since that date.

Mr. MALONE. Mr. President, will the Senator from Missouri yield further?

Mr. KEM. I yield.

ENGLAND SHIPPED MOLYBDENUM TO RUSSIA

Mr. MALONE. The senior Senator from Missouri has made it very clear that that was the argument, namely, that the shipments were inconsequential and that they were very small in tonnage. I am certain that the senior Senator from Missouri will remember that England made a shipment of a shipload of molybdenum to Russia.

Molybdenum in its use is very much like soda in biscuits, in that a very small amount is used in the manufacture of high quality steel.

The shipload of molybdenum was sent by England to Russia.

I ask the senior Senator from Missouri whether he is familiar with the fact that the two treaties to which I invited his attention, made separately with Russia by France and England, have 12 to 14 years yet to run. In other words, the treaties run for 20 years.

Mr. KEM. That is my understanding. It is my understanding that the treaties have never been denounced by either of the contracting parties and that they are now in full force and effect.

Mr. MALONE. That is correct. If the Senator from Missouri will yield further I should like to say that not only have the treaties not been denounced, but it has been denied that they have any bearing on treaties since signed with us by the same nations—England and France—to do the same thing—namely to assist us as an ally.

They are signed up with both sides—it is hard to see how they can lose. I suppose the same will be said with reference to the Bonn agreement which Secretary Acheson has signed recently, and as to which promises were made that American soldiers would stay in Germany as long as necessary.

So that the treaties between Britain and Soviet Russia are not only in full force and effect, with no denial to the contrary, but they are laughed off with the statement that they really have no bearing on our treaties.

Mr. KEM. I thank the Senator from Nevada for his contribution.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. WATKINS. A few moments ago the Senator from Missouri said, so far as trade from the United States was concerned with Russia or any of her satellites, that that condition had improved, and that shipments were not actually being made from this country.

Mr. KEM. That is my information. I made an effort to check on it. I think a very good check is being made.

Mr. WATKINS. I invite the Senator's attention to the fact that that was not the case at the time the senior Senator from Missouri proposed his amendment.

Mr. KEM. Oh, no.

Mr. WATKINS. United States business houses were trading with the satellites, sending strategic materials to them. It was only the full force and effect of the Kem amendment, and the fight that was made at that time, that stopped, by reason of the public sentiment that was aroused in the country, the trade between this country and the Communists.

Mr. KEM. I believe that to be correct. A hue and cry arose to the effect that history was repeating itself. People recalled that we had sent great quantities of scrap iron and other materials to Japan just prior to Pearl Harbor, and that we had seen those war

materials blasted back to kill and wound our own boys in the Pacific. Such a strong sentiment was generated against that sort of thing that the authorities were compelled to enforce the law. I think that is being done so far as direct shipments from the United States are concerned.

Mr. WATKINS. Mr. President, will the Senator yield for an observation?

Mr. KEM. I yield.

Mr. WATKINS. I should like to say in that connection that I think the Senator from Missouri has rendered a distinct service to the United States. Even though the Congress later abandoned the so-called Kem amendment, the work the Senator from Missouri did in bringing the matter to the attention of the country was of great service. If that fight had not been made, we would not have had the Battle Act, which gives the President, as he sees fit, discretion to permit trade or to forbid it. But action has come about largely by reason of the fight which was made against that traffic. The Senator from Texas is incorrect when he says the Kem amendment has been weighed in the balance and found wanting. It has been of great service, and has largely forced whatever action has been taken.

Mr. KEM. I thank the Senator from Utah. I was intrigued by the fact that the Senator from Texas referred to the operation of the Kem amendment after its passage by Congress as an indifferent operation. That was a euphonious term. What happened was that the President thought he found a loophole in the Kem amendment—based on language that was inserted in conference, and he suspended the entire operation of the law. He said, "I am not going to put the law into effect, because," he said, "I think there is a loophole in it."

I differ with the President as to the validity of the loophole. That is why the operation of the Kem amendment was indifferent. The operation was indifferent because it was not enforced. Of course, the law could not be blamed for not doing the job when the President flatted, on the advice of the Secretary of State, declined to put it into operation.

The fact of the matter was that the amendment said that the President, on the advice of the National Security Council, would be entitled to make an exception in certain cases if he saw fit to do so. What the President did, on the advice of the National Security Council, was to suspend the operation of the whole law. It was a strange construction of the word "exception" as used in an act of Congress.

To return to the shipments from Western Germany to Russia, and its satellites, I believe I spoke of the shipments which were being made in 1951 of machinery and vehicles, including trucks and nonferrous metals. During the first 2 months of 1952 Germany sold \$900,000 worth of iron and steel to Czechoslovakia, \$200,000 worth of vehicles to Poland, and \$770,000 worth of machinery to Hungary. In other words, those were shipments that were continuing when the

Battle Act—this weak and discretionary Battle Act—was in full force and effect.

How can it be said that the Battle Act is doing the job under the circumstances?

I could go on indefinitely in citing example after example of shipments of strategic materials from our allies to the Reds.

The Battle Act has been in effect for more than 7 months, and the shipments continue.

Let me remind those who ask us to wait longer for the Battle Act to become effective, that while we wait, the casualty lists in Korea grow and grow. While we wait, more American husbands, more American fathers, and more American sons go down under Communist fire.

THE O'CONOR COMMITTEE HAS GIVEN US THE FACTS

Mr. President, the American people are indebted to the efforts of the Senator from Maryland [Mr. O'Conor] in helping bring to light the facts about these shipments.

On January 20, 1952, several months after the effective date of the Battle Act the Senator from Maryland revealed that—

Strategic products urgently needed by Communist forces are still flowing to the iron-curtain countries through European free ports.

An on-the-spot investigation made by the Subcommittee on Export Controls and Policies revealed a decided reluctance on the part of Western European countries to stop this very profitable trade.

Mr. President, why did we appoint a special committee to investigate this life or death matter? Why did we spend the taxpayers' money to carry on the on-the-spot investigation that was made by the committee headed by the distinguished Senator from Maryland [Mr. O'Conor]. Was it just as an academic investigation, for scientific purposes; or did we make it because we meant either to stop those shipments or to stop our aid to the countries that were making those shipments? I take it that if any Senator who voted for the appropriations for the O'Conor committee had been asked at that time what we were going to do, if it developed that the countries of Western Europe were continuing to make shipments of strategic war materials to Russia and the satellite countries, he would have said, "Why, we intend to cut off our aid, if that is going on."

The O'Conor committee has made its report; it has laid the information on our table; now it is up to us to act. The question is, What are we going to do, now that we have the facts?

Mr. President, this question weighs heavily on the hearts and consciences of our fellow countrymen. This is shown by my mail. As a typical instance, I think the Senate will be interested in a letter which I have received from Mr. William F. Acorn, of CIO, Local 450, International Union of Electrical, Radio, and Machine Workers, Jamaica, N. Y.

Mr. Acorn writes, in part:

I have noted the closeness of the recent vote on your amendment to H. R. 7005, and cannot understand the opposition to it. Could you send at least one copy of the proposed amendment to me that the political action committee of this local may see for ourselves what was contained within this bill?

We of the CIO are naturally opposed to any American products or aid giving any support or comfort to the Communists, and we will welcome any help that we can find in sincerely combating the menace of communism.

Mr. President, it is too late to take any more chances with the lifeblood of our people. We must act, and act promptly, to save the lives of our fighting men—men who, as the Senator from Pennsylvania has so well said, are waging a bitter war against tremendous odds. We must give our men every chance within our power to return home with life and limb intact. We must insist that every measure be taken to prevent the flow of vital goods from the free world to the slave world. We must make it impossible for our allies to continue to collect dollars that are tainted with American blood.

THE BATTLE ACT IN OPERATION

At this time, Mr. President, I wish to address myself briefly to the Battle Act in operation.

The Battle Act prohibits the sending of American assistance to a country which permits shipments of arms, ammunition, implements of war, and atomic-energy materials to countries of the Soviet bloc. Very limited quantities, if any, of these items are being sold by Western Europe to the Reds, so far as can be determined from reported export statistics. So far so good.

The Battle Act forbids aid to countries that are sending arms or ammunition or implements of war to Russia and the satellite countries. There was no hesitation about that. Mr. President, if it is considered fair and proper to forbid such shipments; if it is proper to forbid them, why is it not proper to extend the same interdiction to the shipment of strategic war materials, as well?

Mr. President, I have no criticism of this provision of the Battle Act. The rub comes in the case of the shipment of petroleum, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war. Under the Battle Act, the President may use the so-called escape clause, and may direct the continuance of aid to countries selling such items to the Reds. This is where the difficulty arises. The decision is entirely for the President to make; it is up to him. It is "Papa knows best" legislation at its very worst.

Early this year, the President made use of the escape clause in the Battle Act to permit the Government of the Netherlands to ship some \$200,000 worth of oil-drilling equipment to Communist Poland and still be eligible to receive aid from the United States.

It is reported in the press that—

The President made his decision to ignore the Dutch action on recommendation of W.

Averell Harriman, Mutual Security Administrator.

We are also told that—

This is the first of a series of exceptions that the President is expected to make under his right through the escape clause.

In other words, Mr. President, we learn from the press that the President intends to go right along making exceptions which will permit the shipment to Russia or the satellite countries of strategic materials. It does not take any imagination to see the direct connection between such equipment and the war effort of the Reds. If additional oil wells are brought in in Poland, additional gasoline and Diesel fuel will be available for Korea.

There are further reports that the administration is now considering utilizing the "escape clause" of the battle to permit Italy to sell quantities of highly strategic ball bearings and roller bearings to the Reds.

On March 25, 1952, the Senator from Maryland [Mr. O'Conor] raised the question as to why, since rubber is an item of vital strategic importance, the President has permitted aid to continue to Britain while she is engaged in selling rubber to Russia.

The Senator from Maryland said:

One important fact in this connection should be kept in mind. That is, that raw rubber would seem to be an item "of primary strategic significance" as laid down in title I of the Mutual Defense Assistance Control Act of 1951, under the heading of "War materials."

However, while title I specifically includes petroleum and transportation materials of strategic value as items that cannot be sent by countries sharing in the financial aid from this country, rubber has not been included in the list. Under what consideration it could have been omitted, when it seems to be so absolutely essential to the movement of all types of mechanized armaments, is difficult to understand.

Members who will recall the discussions on the floor of the Senate last year in the Congress will remember the paragraph in the Mutual Defense Assistance Control Act of 1951 which provides, and I quote:

"It is further declared to be the policy of the United States that no military, economic, or financial assistance shall be supplied to any nation unless it applies an embargo on such shipments to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination."

Then the Senator from Maryland continued:

It would certainly seem to circumvent the directly expressed purpose of the congressional act if the responsible authorities of our country continue to regard rubber as of so little strategic significance as to neglect now to include it in the prohibited list of items that may not be shipped to our Communist enemies.

Every mother and father, every wife and child whose close relatives are serving in Korea will disagree with any official dictum which would permit continuing shipments of vitally needed rubber to our Communist foes to be used against our own men and their companions in arms from other countries. It is a matter that warrants the thorough interest of every Member of Congress, and demands immediate reconsideration.

tion by those who are responsible for designation of strategic materials which may not be shipped to our enemies.

Mr. President, that is not my language; it is the language of the chairman of a responsible committee of the Senate, a committee to which we furnished funds to investigate this matter for us. Are we now to say to him, "We are glad to have that information, but, now that we have it, we do not propose to do anything about it?"

Mr. President, a few days ago I made inquiry of administration officials as to why Britain was being permitted to sell increasingly large quantities of rubber to Russia, and still be eligible to receive aid from the United States. I was informed very graciously that the administration does not consider rubber to be of primary strategic significance. I was further informed that the shipments of thousands of tons of rubber from Britain to Russia are not of material benefit to her armament program. Mr. President, how can that be said? I want to say, here and now, that for my part I thoroughly and heartily disagree with this dictum of the administration. I think that most other Americans will disagree. I believe that most of us will agree with my friend from Maryland that since rubber is essential to the movement of all types of mechanized armaments, it should be treated as an item of primary strategic importance.

THE EAST-WEST TRADE ARGUMENT

Mr. President, we come to the east-west trade argument. We are told that it is necessary that the countries of Western Europe trade with the countries of Eastern Europe. We are told that this is necessary for the economic well-being of our friends and allies in Western Europe.

The argument is usually compressed by saying that east-west trade between the countries of Europe is a "two-way street."

Mr. President, the road to a lonely grave with a white wooden cross is a one-way street. Thousands of American mothers, fathers, wives, and children of our boys in Korea will so testify.

We are told our allies must send war materials to Russia and its satellites in order that they may get from Russia and its satellites useful goods in exchange.

The "two-way street" argument is equally applicable to cooperation between friendly nations. If we give war materials to our friends, we have every right to expect that they will not in turn sell the same items to our common enemy. Let me make this crystal clear: No proponent of the so-called Kem amendment wishes to abolish east-west trade. We do ask that east-west trade in strategic war materials be abolished. All we ask is that our allies apply to themselves the same discipline we apply to ourselves. We have regulations that we are enforcing at every port in the United States. Why is it unfair? Why is it unreasonable? Why is it unjust to ask that the beneficiaries of our aid do something about a shameful situation?

In the event that administration officials consider it necessary and desirable to have exceptions made to the provisions of the mandatory amendment they may come to Congress and request that they be written into the law itself. Our committee can consider them and we can debate them here on the floor.

The argument is sometimes made that enforcement of the Kem amendment would increase the burden of American taxpayers.

I have always tried to cut nondefense spending to the bone. I shall continue to do so. But never have I been willing to urge economies involving the blood of the young men of America. I am concerned about the spending of American money, of course I am, we all are. But not in the same way or to the same extent that we are concerned about the expenditure of American lives.

If it costs us some money to prevent our young men from being killed and maimed by weapons provided in whole or in part by ourselves through our allies, I believe most of us are willing to pay the price.

Mr. Truman and Mr. Acheson are concerned with European trade. The Congress—and they have shown that every time this matter has been under consideration here—is concerned with American blood. Mr. Truman says he is not going to present his name again to the people, and Mr. Acheson, so far as we know, has never been elected to a public office. I wonder how Mr. Acheson would fare if he were to decide to present his name to a typical American electorate. Our Government has already placed a ban on the export of strategic war materials from the United States to Russia and her satellites. Congress is asking that our allies in Western Europe exercise the same restraint. If they do not do so, then no further aid should be forthcoming from this country. The President may consider the exchange of British rubber for American blood to be in the security interests of the United States. Surely the representatives of the people in Congress do not. Mr. Acheson may consider this a fair trade. Certainly the American people do not.

The report of the conferees is unacceptable to me. I believe it to be unacceptable to most of my colleagues who supported the war-goods amendment. I believe it will be unacceptable to the American people when they learn the facts. So, Mr. President, I move that the conference report be sent back to the committee of conference and that the conferees be instructed to resume deliberations with the House conferees and to insist that the war-goods amendment be retained in the conference report.

The Senator from Texas has told us that if that be done the bill will be dead. I think it would be interesting, Mr. President, if we worked that out a bit further and explained why we have to accept the views of the House without any question and why we must withdraw from the position taken by the Senate after due consideration by a vote of 40 to 32.

Mr. SMITH of New Jersey. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SMITH of New Jersey. In light of the fact that the House has adopted the conference report, is it possible to send the report back to conference for a further consideration of the matter?

The PRESIDING OFFICER. It is the opinion of the Chair that that action is not now in order. The House has already acted on the report, and it would not now be in order.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Missouri yield?

Mr. KEM. I yield.

Mr. SMITH of New Jersey. An amendment to the Battle Act, an act which is on the books today, would cover the point so well brought out by the distinguished Senator from Missouri. I may say that after the Senator from Michigan [Mr. FERGUSON] has spoken I shall have something to suggest to the Senator. I ask the question now whether it would not be better to offer an amendment to the Battle Act?

Mr. KEM. I appreciate the statement of the Senator from New Jersey that he will address me, but I suggest that he should address the Senate and the American people.

Mr. SMITH of New Jersey. Of course, the Senator realizes that I meant I was going to address the Senate to reply to some of the points the Senator has made and as to how we can approach this matter in a more effective way.

Mr. KEM. I am also interested in the suggestion of my friend, the able Senator from New Jersey, that the Battle Act should be amended, because, as I understand the previous position of the opponents of the Kem amendment has been that the Battle Act was in the nature of an immaculate conception: that there should be no change of any kind or character made in it.

Mr. DIRKSEN. Mr. President, will the Senator from Missouri yield?

Mr. KEM. I yield.

Mr. DIRKSEN. As I understand the situation, it is almost necessary to vote down the conference report in order to save the Kem amendment. Unless that is done, the Senator from Missouri, with the fine proposition which he has advanced not only on this occasion, but previously, will be out of court for a year before he can have another chance.

Mr. KEM. I think that is correct; and there is no telling how many American lives will be lost because of strategic war materials being sent to our allies to be further sent to the Russians. Of course, we have to conform to procedure. If the House has acted on the conference report, which I now understand that it has, then our only recourse is to vote down the conference report. So I ask leave to withdraw my motion, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered. The Chair should add that in the event the conference report is rejected, such a motion would be in order. That would, of

course, call for a recognition of the validity of the vote in the House and the appointment of conferees.

Mr. KEM. I appreciate the benefit of the suggestion of the Chair. It seems to me that the question before the Senate is simple. It is whether we are going to give our fighting men the support they so richly deserve, or are we going to forsake them at this decisive point in the conflict in Korea. It cannot be too often said, "Which shall Congress place first—trade and profits, or the safety and welfare of our own Nation?"

UNANIMOUS-CONSENT AGREEMENT

During the delivery of Mr. KEM's speech,

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. KEM. For what purpose?

Mr. McFARLAND. In order that I may propound a unanimous-consent request.

Mr. KEM. I yield.

Mr. McFARLAND. I ask unanimous consent that the Senate continue the consideration of the conference report on House bill 7005, an act to amend the Mutual Security Act of 1951, and for other purposes, now under consideration, until it is finished, and that the Senate resume tomorrow the consideration of Senate bill 2594, to extend the provisions of the Defense Production Act of 1950, as amended, and the Housing and Rent Act of 1947, as amended.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona?

Mr. WATKINS. Mr. President, I did not catch the last part of the request.

Mr. McFARLAND. That the Senate resume the consideration of the Defense Production Act of 1950 tomorrow. Some Senators did not want to go ahead with it until tomorrow.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. McFARLAND. I yield.

Mr. WATKINS. Does the Senator mean by that that consideration of the Defense Production Act of 1950 will not be resumed today?

Mr. McFARLAND. That is correct. But in any event we shall continue consideration of the conference report on House bill 7005, an act to amend the Mutual Security Act of 1951, and for other purposes, until it is finished.

Mr. FERGUSON. Mr. President, as I understand, the unanimous-consent agreement heretofore entered into would be in operation at 12:01 o'clock today, at which time we would have to resume temporarily the consideration of the Defense Production Act of 1950.

The conference report is a privileged matter, and consideration of it could proceed.

Mr. McFARLAND. That is correct.

Mr. FERGUSON. Therefore, why should we not proceed with its consideration in this manner?

Mr. McFARLAND. I was asking unanimous consent that the consideration of the conference report be contin-

ued until concluded, but the consideration of the Defense Production Act of 1950 be not resumed before tomorrow.

Mr. CASE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. CASE. Would we be resuming consideration of the Defense Production Act of 1950 under a unanimous-consent agreement, or was not an order made last week on motion of the majority leader?

Mr. McFARLAND. There was a motion made, which resulted in the order.

The Senator from Michigan has correctly stated the procedure. Certain Senators, who could not very well be here this afternoon, but intended to be here tomorrow wanted to be sure that the consideration of the Defense Production Act would not be resumed before tomorrow. We have no intention of holding a night session.

Mr. CASE. I have no personal interest in the matter, one way or other. I am going to be here, regardless of when the Defense Production measure comes up. But in the event there had been an order of the Senate, on motion, as I thought, and possibly by a yea-and-nay vote, while of course it could be set aside by unanimous consent, I wonder whether there might be some Senators not on the floor now who might be relying on that order, and who perhaps should have been protected by the suggestion of the absence of a quorum, followed by a quorum call.

Mr. FERGUSON. There was a quorum call when this matter came up. The Senator from Nevada was the one who objected when unanimous consent was requested to bring up the conference report. The distinguished Senator from Texas would be able to do that, of course, on the ground of its privileged character.

Mr. CASE. The Senator from South Dakota is aware of the fact that the conference report is a privileged matter, but whether an order of the Senate may be set aside without notice, I am not so sure. I was present when the other matter came up, when the Senator from Nevada raised his objection. He may be protected, now, but I do not know whether other Senators are protected.

Mr. McFARLAND. The Senator from Nevada was the only one who objected, following a quorum call.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. CASE. I yield to the Senator from Nevada.

Mr. MALONE. The junior Senator from Nevada had made certain arrangements of long standing to be away from the Senate floor a short time tomorrow since the Production Act was to come before the Senate today. But, in view of the decision not to resume consideration of the Defense Production Act of 1950 today, and in view of the fact that the majority leader has said the Senate will continue on the conference report, and that there will be no night session either tonight or tomorrow night, I

think it is generally understood or considered that it will take more than tomorrow afternoon to dispose of the Defense Production Act of 1950. The junior Senator from Nevada is merely anxious that he be on the floor of the Senate before the Defense Production Act of 1950 is finally voted upon. With that understanding, I shall offer no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. McFARLAND. My reason for not having a night session is that if we desire to expedite the work of the Senate, it is necessary to afford the Appropriations Committee an opportunity to act on and report the appropriation bills. Really, the work on the floor is up with the committee work. So we are trying to slow down a little bit in order to give the Committee on Appropriations an opportunity to get their work out.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, notified the Senate that Hon. JOHN W. McCORMACK, a Representative from the State of Massachusetts, had been elected Speaker pro tempore during the absence of the Speaker.

The message announced that the House had passed, without amendment, the bill (S. 2383) to amend the act entitled "An act to create a board of accountancy for the District of Columbia, and for other purposes," approved February 17, 1923.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 661) to amend the Foreign Service Buildings Act, 1926.

The message further announced that the House had insisted upon its amendments to the bill (S. 677) to fix the personnel strength of the United States Marine Corps, and to establish the relationship of the Commandant of the Marine Corps to the Joint Chiefs of Staff, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. VINSON, Mr. BROOKS, Mr. DURHAM, Mr. SHORT, and Mr. ARENDS had been appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 6133) to authorize a \$100 per capita payment to members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation.

ENROLLED BILLS SIGNED

The message further announced that the Speaker pro tempore had affixed his signature to the following enrolled bills,

and they were signed by the President pro tempore:

S. 1828. An act to confirm the status of certain civilian employees of nonappropriated fund instrumentalities under the Armed Forces with respect to laws administered by the Civil Service Commission, and for other purposes;

H. R. 643. An act for the relief of Mrs. Vivian M. Graham and Herbert H. Graham;

H. R. 646. An act for the relief of Mrs. Inez B. Copp and George T. Copp;

H. R. 1826. An act for the relief of Ellis E. Gabbert; and

H. R. 1842. An act for the relief of Mrs. Ann Morrison.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, June 9, 1952, he presented to the President of the United States the enrolled bill (S. 1828) to confirm the status of certain civilian employees of nonappropriated fund instrumentalities under the Armed Forces with respect to laws administered by the Civil Service Commission, and for other purposes.

REVISION OF LAWS RELATING TO IMMIGRATION, NATURALIZATION, AND NATIONALITY — CONFERENCE REPORT

Mr. McCARRAN. Mr. President, today the managers on the part of the House filed a conference report in the House of Representatives on the bill (H. R. 5678) to revise the laws relating to immigration, naturalization, and nationality, and for other purposes. The report will be taken up in the House in all probability tomorrow. I submit a copy of the report and as soon as the report has been considered and agreed to in the House and messaged over to the Senate, I shall move to take it up in the Senate in its proper order.

The PRESIDING OFFICER. The report will be received and will lie on the table.

(For conference report, see House proceedings in today's CONGRESSIONAL RECORD.)

EFFECT OF INTERNATIONAL MATERIALS CONFERENCE AMENDMENT TO DEFENSE PRODUCTION BILL

Mr. FERGUSON. Mr. President, last Wednesday the Senate adopted an amendment to the Defense Production Act, which, in effect, removes the implementation of the Defense Production Act from decisions of the International Materials Conference, a body which has no legal standing and which has never been authorized by any act of Congress.

Since this action was taken, the press has carried stories emanating from the Defense Production Administration which completely misrepresent the facts by indicating that this country is on the verge of a disaster because of the action taken by the Senate last Wednesday.

An example was the headline in the New York Herald Tribune of Saturday, June 7, which read: "Fowler warns of

disaster in DPA change; says clause would cripple mobilization."

Mr. President, I want to say that that is not a fact. I cite Mr. Fleischmann, who was asked in the committee whether the International Materials Conference was necessary for our defense effort, and his reply was:

The mobilization effort will not collapse if we get rid of it.

Mr. President, Mr. Fowler and others in the Defense Production authority are not only violating the law which prohibits money being spent for propaganda purposes, but they are misrepresenting the facts as to what the amendment would accomplish.

Mr. Fleischmann never once said that there would be a disaster or that the mobilization effort would collapse if the IMC—and when I use those initials I mean the International Materials Conference—went out of existence. Mr. Fowler's dire prediction was in conflict with Mr. Fleischmann's testimony. The press carried numerous accounts which would indicate that a few large companies, particularly automobile companies, under the amendment adopted, would be in a position to buy whatever they needed to make an unlimited number of automobiles.

Mr. President, there is nothing further from the truth. When the Defense Production Agency uses the press of America they ought to tell people the actual truth and the actual facts, and not distort the facts and the truth about what the amendment would do. There is not an iota or a scintilla of suggestion in the amendment that it would allow automobile companies to manufacture one more automobile than the Production Authority wanted produced.

Mr. President, when the agency says that if the amendment goes into effect the automobile companies can manufacture all the automobiles they want to manufacture and charge any price they desire for an automobile, that is an absolute untruth.

I say the time has come when we must correct these mistakes and errors.

The circulation of inferences and statements by defense production authorities and bureaucrats in Washington to the effect that under this amendment the automobile manufacturers could manufacture any number of automobiles and sell them at any price they desire is, of course, utter nonsense, as the allowable production of automobiles is determined by DPA ceilings imposed on each company limiting the total number of units which may be produced. The amendment the Senate adopted does nothing whatsoever to alter such unit ceilings or price regulations. I am told by the Industry Advisory Committee that the automobile industry requested permission to build 2,500,000 automobiles in the last 6 months of 1952. The National Production Authority has established quotas of 2,200,000, or 300,000 fewer units than the industry believed the American people needed and were willing to buy. The amendment in no way alters these or any other limits or the authority to establish them.

Under the Defense Production Act the Office of Defense Mobilization has a right to ban production of any article, as well as to set limits on the total number of any end items which may be produced during any period. For example, construction of theaters and amusement parks was prohibited by the Defense Production Act.

Certainly, I have no desire to obstruct the operations of the controlled material plan, insofar as it channels materials into uses which will best support our mobilization effort and civilian economy. However, I am anxious to have maximum freedom of enterprise to obtain materials, which might not otherwise be available, so as to keep the United States economy strong. I do not blame other nations in the world for wanting to keep themselves economically strong, but I ask also that America be allowed to keep herself economically strong.

Charges have been made through the press that the amendment would increase the price of automobiles and other goods containing imported material. I wish to remind the Senate that the amendment specifically gives permission to purchase commodities in the world market and to import them into the United States, but expressly excludes any provision permitting manufacturers to pass on such costs to their purchasers. I wish to underscore and emphasize that statement. It expressly excludes any provision permitting manufacturers to pass on these costs. There is no way in which the price of automobiles or any other commodity could be increased thereby. Any possible price increase in imported materials, such as copper, would not alter the industry position under the earnings standard which guides OPS in its price determination, because the amendment specifically provides for that.

Following Mr. Fowler's news conference last Friday, Mr. William C. Truppner, Chief of the CMP, told reporters that it is the theory of the defense mobilization agencies that if foreign copper could not be allocated to the brass and wire mills, CMP would automatically fall of its own weight.

The fact of the matter is that most of the foreign copper which enters this country comes from Chile and is produced by two American firms, Anaconda and Kennecott. Those firms process most of this copper in their own brass and wire mills, and the mills of their nonintegrated, historic customers, before they sell copper to others. As soon as copper enters a brass or wire mill and is fabricated into a product for resale, it is then subject to all the allocation rules provided by CMP. So most of the imported copper will be channeled through CMP mechanism, as it always has been. Where in this procedure is the national disaster which the bureaucrats threaten so ominously?

This amendment deals only with free copper, which is available in world markets at world prices to nationals of other countries who have been free to buy it. The real problem at the present time lies in the fact that the price policies of OPS make it impossible for independent wire

United States Government for each year from January 1, 1933, through December 31, 1951.

Question 1. I would like this broken down as to purchase of gold from newly mined sources in the United States and from new production, if any, from other countries of the world.

Answer. Treasury receipts of newly mined domestic gold by fiscal years, 1940-51, totaled 26,700,000 ounces, with a monetary value, at \$35 per fine ounce, of \$936,700,000, as follows:

Fiscal year—	Treasury receipts of newly mined domestic gold
1940.....	\$207,239,460
1941.....	197,965,110
1942.....	173,319,895
1943.....	66,675,000
1944.....	17,182,620
1945.....	10,626,070
1946.....	23,468,065
1947.....	44,807,560
1948.....	47,428,885
1949.....	46,264,010
1950.....	50,369,375
1951.....	51,469,320

The above figures were obtained, beginning with the fiscal year 1940, by adopting special reporting procedures to identify newly mined domestic gold from other domestic gold received by the Treasury from smelters and refiners. However, the Treasury's net domestic receipts—combining receipts of newly mined domestic gold, scrap, other secondary gold, United States coin, etc., less sales to domestic industry—are available yearly, 1934-51, as presented in table I under question 2. No breakdown is available of receipts by the Treasury separating newly mined foreign gold from other foreign gold.

Question 2. Purchases and sales from and to other governments.

Answer. In table I below the columns headed "Foreign—United States purchases—United States sales" give the Treasury's purchases of gold from foreigners and sales of gold to foreigners, by calendar years 1934-51. For the years through 1944 the figures on purchases of foreign gold, it should be noted, include both receipts from foreign governments and receipts from foreign private holders, whether mines, refiners, or others. The data on sales include some sales made to nongovernmental buyers in the gold markets of the United Kingdom and France in the years 1934-39.

From January 1, 1933, to January 31, 1934 (the date of the revaluation), the gold holdings of the Treasury and Federal Reserve banks changed by only \$11,000,000, downwards, valued at \$20.67 per fine ounce.

TABLE I.—U. S. Treasury gold transactions, 1934-51

(In millions of dollars at \$35 per ounce)

Calendar year—	Total gold stock (end of year) ¹	Foreign		Other transactions and accounting adjustments ²	Domestic net receipts ³	Increase in gold stock
		United States purchases	United States sales			
1934.....	8,259	1,147	24	—	118	1,241
1935.....	10,124	1,554	125	—	136	1,865
1936.....	11,423	1,150	14	—	163	1,299
1937.....	12,790	1,601	427	—	193	1,367
1938.....	14,592	1,752	140	—	189	1,802
1939.....	17,890	3,267	263	—	205	3,208
1940.....	22,042	4,156	144	—	231	4,242
1941.....	22,761	986	463	—	196	719
1942.....	22,739	346	486	—	117	-23
1943.....	21,980	32	795	—	5	-758
1944.....	20,631	50	1,373	—	-26	-1,349

Footnotes at end of table.

TABLE I.—U. S. Treasury gold transactions, 1934-51—Continued

(In millions of dollars at \$35 per ounce)

Calendar year—	Total gold stock (end of year) ¹	Foreign		Other transactions and accounting adjustments ²	Domestic net receipts ³	Increase in gold stock
		United States purchases	United States sales			
1945.....	20,083	396	857	-21	-66	-548
1946.....	20,706	901	180	-11	-87	623
1947.....	22,868	2,962	98	-715	12	2,162
1948.....	24,398	1,692	182	24	-3	1,530
1949.....	24,563	734	541	12	-40	165
1950.....	22,819	72	1,797	14	-32	-1,743
1951.....	22,873	1,250	1,175	3	-26	53
Total.....		24,348	9,084	-694	1,235	15,855

¹ Includes gold in the exchange stabilization fund.

² Not separated from foreign transactions prior to 1945.

³ Receipts of newly mined domestic gold, domestic coin, secondary gold, etc., less sales to domestic industry.

⁴ Increase in gold stock during 1934 is measured from Feb. 1, following revaluation on Jan. 31; i. e., transactions in January 1934 which were at various prices below \$35, are excluded from all columns of this table.

⁵ Estimated.

⁶ Includes \$687.5 million transferred to the International Monetary Fund as United States subscription payment.

Question 3. Sales during that period of time to industrial establishments for manufacturing purposes.

Answer. Treasury sales of gold for industrial, professional, and artistic uses were as shown below. In addition, however, licensed buyers could and did buy gold for licensed industrial use directly from licensed holders (including refiners and dealers).

TABLE II.—Treasury sales of gold for industrial, professional, and artistic uses at \$35 per ounce

Fiscal year:	
1933.....	(¹)
1934.....	(¹)
1935.....	(¹)
1936.....	\$568,728.40
1937.....	677,299.22
1938.....	313,368.15
1939.....	244,604.29
1940.....	335,665.41
1941.....	307,134.36
1942.....	1,871,068.75
1943.....	16,601,298.68
1944.....	24,977,240.48
1945.....	65,290,843.72
1946.....	113,097,557.25
1947.....	66,113,172.65
1948.....	50,371,331.98
1949.....	44,010,560.86
1950.....	82,724,085.89
1951.....	86,345,449.53

Total, 1936-51..... 553,849,409.62

¹ Breakdown not available.

Question 4. The amount of gold turned in each year by United States citizens and/or other residents including gold coin and/or gold bullion other than newly mined as indicated in paragraph 1 above.

Answer. Table III below shows the value of gold received by the Treasury for which settlement was made at \$20.67 per fine ounce during each fiscal year, 1934-51. Gold turned in in response to the Executive orders of April 5 and August 28, 1933, and the order of the Secretary of the Treasury of December 28, 1933, as amended and supplemented, was purchased at the price of \$20.67 per fine ounce. The figure for 1934 includes gold of the banking system transferred in accordance with the provisions of the Gold Reserve Act of 1934 which was also purchased at the \$20.67 price. This table is the nearest approximation to an answer to question 4 which

is readily available from tabulations maintained by the Treasury Department.

TABLE III.—Treasury receipts of gold coin and bullion

Fiscal year:	Treasury receipts at \$20.67 per ounce
1934.....	\$2,401,958,131
1935.....	111,091
1936.....	24,566
1937.....	239,551
1938.....	25,075
1939.....	8,309
1940.....	81,818
1941.....	164,466
1942.....	8,716
1943.....	2,553
1944.....	10,763
1945.....	8,242
1946.....	3,195
1947.....	2,775
1948.....	4,828
1949.....	11,330
1950.....	2,434
1951.....	1,623

Question 5. Whether or not the Treasury has paid in any case more than \$35 per ounce for any of the gold mentioned above, or has sold any gold at a higher price.

Answer. This question is answered in the negative in the accompanying letter.

Question 6. What information does this Government have as to the price of gold on the foreign market in Europe and Asia for each of the years requested? This information to include the quoted price per ounce (high and low for the year) in American dollars.

Answer. The official buying prices for gold in foreign countries are in terms of foreign currencies and have been virtually without exception very close to the equivalent, at the prevailing official exchange rate, of \$35 per fine ounce. There have also been many unofficial private markets for gold in Europe and Asia. Broadly it may be stated that up to the outbreak of World War II, the price of gold in unrestricted markets, which generally prevailed in most foreign countries, was very close to the \$35 per ounce buying price of the United States Treasury at the then-prevailing exchange rates. While more substantial premiums were obtained in unofficial markets during various periods since the beginning of the war, the price has currently dropped to a range between \$37 and \$38 per ounce in terms of dollars in certain primary markets. Quotations of prices for gold in such markets are not derived from official sources and the Treasury has no way of determining the amount of gold sold at the prices reported. Of even more doubtful reliability are the prices quoted for various intermediate markets throughout the world in which the gold is subsequently resold one or more times for various currencies. Many of such sales are made in terms of local currencies in situations involving complex exchange controls, over-valued official exchange rates, costs of transportation and insurance from sources, expenses of smuggling into illegal markets, and so forth. Consequently, it is virtually impossible in most cases to convert the price received in local currency into a dollar price which would have any significance.

Question 7. Does this government have any information relative to the sales of gold by foreign countries at a price higher than \$35 an ounce and, if so, are such sales still being made?

Answer. According to information received by the Treasury, most foreign governments have refrained from selling gold at prices in excess of \$35 per ounce and most exceptions have been domestic sales for local currencies. The largest indicated volume of such sales was by the Nationalist Govern-

ment of China from 1942 to 1949, for Chinese currency.

For some time the Bank of Mexico has maintained a standing offer to sell Mexican gold coins for pesos at a price which has exceeded \$35 an ounce at the current exchange rate. In 1947 and before, the Swiss National Bank also sold gold to Swiss buyers for Swiss francs slightly in excess of \$35. The Bank of France, it has been reported, has done a relatively small volume of trading in gold on the Paris market, usually by selling French gold coins (for francs) and buying gold bars. The Bank of Greece has sold as well as bought gold coin of foreign mintage in Greece, for drachmas. Saudi Arabia has for many years used the British gold sovereign as one of its national moneys, and in recent years sovereigns have sold there at prices above the equivalent of \$35 per ounce. However, many of the sovereigns which the Government formerly received were disbursed in ways that would more accurately be described as paying out sovereigns as local money rather than selling them at a profit. Such receipts, furthermore, have ceased. In recent years, also, a portion of the newly minted gold of a number of countries has been sold in unofficial, private markets abroad.

Question 8. Under what conditions sales of gold are made by the Treasury to foreign governments and what agreements or understandings exist relative to the resale of such gold stocks and the reporting of such transaction to the Treasury. Is it possible for a foreign government to purchase gold at \$35 an ounce from this Government and have such gold stocks held by the Treasury or the Federal Reserve Bank and then have them to dispose of an equivalent or lesser amount on the free market at the prevailing world price?

Answer. The Treasury does not impose upon foreign governments conditions relating to sales of gold, although it does endeavor to make sure that the proposed foreign purchases of gold from the United States are either for legitimate monetary purposes or for bona fide use in industry. While the possibility raised in the second sentence of this question exists, the fact that the total gold holdings of governments, central banks, and international financial institutions increase each year, indicates that gold is being added to official reserves rather than diverted from them on a net basis. Furthermore, the diversion to the free market of gold bought from (or replaced by gold bought from) the United States Treasury is believed to have been of very minor proportions, with the exception of some of the countries mentioned in the answer to question 7 above. In all these countries the gold sold by the local authorities was intended, at least in the first instance, for domestic holding rather than export, although various proportions were later exported.

MUTUAL SECURITY ACT OF 1952— CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7005) to amend the Mutual Security Act of 1951, and for other purposes.

Mr. SMITH of New Jersey obtained the floor.

Mr. CONNALLY. Mr. President, I suggest the absence of a quorum.

The Chief Clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the order

for a quorum call be rescinded and that further proceedings under the call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SMITH of New Jersey. Mr. President, it is my purpose to make some comments on the conference report in connection with the remarks made by the distinguished Senator from Missouri [Mr. KEM].

At the beginning of my remarks I ask unanimous consent that two insertions be made. First I should like to have the text of the so-called Kem amendment, which was approved by the Senate on Wednesday, May 28, by a vote of 40 to 32, printed in the RECORD at this point in my remarks. The Kem amendment is the subject of the present debate. It went to conference, and in conference it was stricken by the conference committee.

The distinguished Senator from Missouri has asked that the conference report be rejected because the Kem amendment was not included in it. He first asked that the conference report be re-committed to the conferees with instructions, but it was discovered that, from a parliamentary standpoint, this could not be done, inasmuch as the House had already agreed to the conference report. Therefore the only course which can be taken by the Senate is to vote the conference report either up or down.

In addition to printing the full text of the Kem amendment in the RECORD at this point, I ask unanimous consent that there be published the full text of the so-called Battle Act, which is known as the Mutual Defense Assistance Control Act of 1951, as it was passed by the Eighty-second Congress and approved on October 26, 1951.

I wish to emphasize the date, because it is important in connection with the present debate. Shortly after the act was approved the organization set up under the act began operations, and we have now had a period of 6 or 7 months, all told, to determine the effect of the operation. Mr. President, I ask unanimous consent that the two insertions be made in the RECORD at this point.

There being no objection, the text of the Kem amendment and the text of the Battle Act were ordered to be printed in the RECORD, as follows:

KEM AMENDMENT

SEC. 13. (a) No economic, financial, or military assistance shall be provided out of any funds heretofore or hereafter appropriated to carry out the purposes of any act to provide economic, financial, or military assistance to foreign countries, to any country which exports or knowingly permits the exportation of, to the Union of Soviet Socialist Republics or any of its satellite countries (including Communist China and Communist North Korea), arms, armament, or military matériel, or articles or commodities (1) which the Secretary of Defense shall have certified to the head of the agency administering the program under which such assistance is extended are likely to be used in the manufacture of arms, armament, or military matériel, or (2) shipment of which to the Soviet bloc is embargoed, or would be refused export licenses, by the United States in the interest of national security; and the Secre-

tary of Defense is hereby authorized and directed to make such certification with respect to any article or commodity of the nature or class described.

(b) After the forty-fifth day following the date of enactment of this act no country shall be eligible for economic, financial, or military assistance under any act providing economic, financial, or military assistance to foreign countries unless within 30 days prior to the date on which such assistance is to be provided such country shall have certified to the United States that it has not, subsequent to the fifteenth day following the date of enactment of this act, exported, or knowingly permitted the exportation of, arms, armament, military matériel, articles, or commodities, which are subject to the provisions of subsection (a) to any of the countries referred to in such provisions: *Provided*, That such certification shall not relieve the Director for Mutual Security or any other officer of the United States Government of responsibility for enforcing the foregoing provisions of this section.

(c) The Mutual Defense Assistance Control Act of 1951 is repealed effective on the forty-fifth day following the date of enactment of this act.

[Public Law 213, 82d Cong., 1st sess.]

H. R. 4550

An act to provide for the control by the United States and cooperating foreign nations of exports to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, and for other purposes

Be it enacted, etc., That this act may be cited as the "Mutual Defense Assistance Control Act of 1951."

TITLE I—WAR MATERIALS

SEC. 101. The Congress of the United States, recognizing that in a world threatened by aggression the United States can best preserve and maintain peace by developing maximum national strength and by utilizing all of its resources in cooperation with other free nations, hereby declares it to be the policy of the United States to apply an embargo on the shipment of arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, in order to (1) increase the national strength of the United States and of the cooperating nations; (2) impede the ability of nations threatening the security of the United States to conduct military operations; and (3) to assist the people of the nations under the domination of foreign aggressors to reestablish their freedom.

It is further declared to be the policy of the United States that no military, economic, or financial assistance shall be supplied to any nation unless it applies an embargo on such shipments to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

This act shall be administered in such a way as to bring about the fullest support for any resolution of the General Assembly of the United Nations, supported by the United States, to prevent the shipment of certain commodities to areas under the control of governments engaged in hostilities in defiance of the United Nations.

SEC. 102. Responsibility for giving effect to the purposes of this act shall be vested

in the person occupying the senior position authorized by subsection (e) of section 406 of the Mutual Defense Assistance Act of 1949, as amended, or in any person who may hereafter be charged with principal responsibility for the administration of the provisions of the Mutual Defense Assistance Act of 1949. Such person is hereinafter referred to as the "Administrator."

SEC. 103. (a) The Administrator is hereby authorized and directed to determine within 30 days after enactment of this act after full and complete consideration of the views of the Departments of State, Defense, and Commerce; the Economic Cooperation Administration; and any other appropriate agencies, and notwithstanding the provisions of any other law, which items are, for the purpose of this act, arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and those items of primary strategic significance used in the production of arms, ammunition, and implements of war which should be embargoed to effectuate the purposes of this act: *Provided*, That such determinations shall be continuously adjusted to current conditions on the basis of investigation and consultation, and that all nations receiving United States military, economic, or financial assistance shall be kept informed of such determinations.

(b) All military, economic, or financial assistance to any nation shall, upon the recommendation of the Administrator, be terminated forthwith if such nation after 60 days from the date of a determination under section 103 (a) knowingly permits the shipment to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, of any item which he has determined under section 103 (a) after a full and complete investigation to be included in any of the following categories: Arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war: *Provided*, That the President after receiving the advice of the Administrator and after taking into account the contribution of such country to the mutual security of the free world, the importance of such assistance to the security of the United States, the strategic importance of imports received from countries of the Soviet bloc, and the adequacy of such country's controls over the export to the Soviet bloc of items of strategic importance, may direct the continuance of such assistance to a country which permits shipments of items other than arms, ammunition, implements of war, and atomic energy materials when unusual circumstances indicate that the cessation of aid would clearly be detrimental to the security of the United States: *Provided further*, That the President shall immediately report any determination made pursuant to the first proviso of this section with reasons therefor to the Appropriations and Armed Services Committees of the Senate and of the House of Representatives, the Committee on Foreign Relations of the Senate, and the Committee on Foreign Affairs of the House of Representatives, and the President shall at least once each quarter review all determinations made previously and shall report his conclusions to the foregoing committees of the House and Senate, which reports shall contain an analysis of the trade with the Soviet bloc of countries for which determinations have been made.

SEC. 104. Whenever military, economic, or financial assistance has been terminated as provided in this act, such assistance can be resumed only upon determination by the President that adequate measures have been

taken by the nation concerned to assure full compliance with the provisions of this act.

SEC. 105. For the purposes of this act the term "assistance" does not include activities carried on for the purpose of facilitating the procurement of materials in which the United States is deficient.

TITLE II—OTHER MATERIALS

SEC. 201. The Congress of the United States further declares it to be the policy of the United States to regulate the export of commodities other than those specified in title I of this act to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, in order to strengthen the United States and other cooperating nations of the free world and to oppose and offset by nonmilitary action acts which threaten the security of the United States and the peace of the world.

SEC. 202. The United States shall negotiate with any country receiving military, economic, or financial assistance arrangements for the recipient country to undertake a program for controlling exports of items not subject to embargo under title I of this act, but which in the judgment of the Administrator should be controlled to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

SEC. 203. All military, economic, and financial assistance shall be terminated when the President determines that the recipient country (1) is not effectively cooperating with the United States pursuant to this title, or (2) is failing to furnish to the United States information sufficient for the President to determine that the recipient country is effectively cooperating with the United States.

TITLE III—GENERAL PROVISIONS

SEC. 301. All other nations (those not receiving United States military, economic, or financial assistance) shall be invited by the President to cooperate jointly in a group or groups or on an individual basis in controlling the export of the commodities referred to in title I and title II of this act to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

SEC. 302. The Administrator with regard to all titles of this act shall—

(a) coordinate those activities of the various United States departments and agencies which are concerned with security controls over exports from other countries;

(b) make a continuing study of the administration of export control measures undertaken by foreign governments in accordance with the provisions of this act, and shall report to the Congress from time to time but not less than once every 6 months recommending action where appropriate; and

(c) make available technical advice and assistance on export control procedures to any nation desiring such cooperation.

SEC. 303. The provisions of subsection (a) of section 403, of section 404, and of subsections (c) and (d) of section 406 of the Mutual Defense Assistance Act of 1949 (Public Law 329, 81st Cong.), as amended, insofar as they are consistent with this act, shall be applicable to this act. Funds made available for the Mutual Defense Assistance Act of 1949, as amended, shall be available for carrying out this act in such amounts as the President shall direct.

SEC. 304. In every recipient country where local currency is made available for local currency expenses of the United States in

connection with assistance furnished by the United States, the local currency administrative and operating expenses incurred in the administration of this act shall be charged to such local currency funds to the extent available.

SEC. 305. Subsection (d) of section 117 of the Foreign Assistance Act of 1948 (Public Law 472, 80th Cong.), as amended, and subsection (a) of section 1302 of the Third Supplemental Appropriation Act of 1951 (Public Law 45, 82d Cong.), are repealed.

Mr. SMITH of New Jersey. Mr. President, before I begin my discussion, I wish to pay a tribute to the distinguished Senator from Missouri [Mr. KEM]. If I am not mistaken, he was the first one to draw the attention of the Senate to the whole problem of strategic war materials sifting through some of our allies into the hands of our enemies, especially to the Chinese Communists. I wish to state that it was the action of of the Senator from Missouri in bringing the subject to our attention that aroused my grave concern over this whole subject. I must say for the RECORD that I would go even further than he goes with his amendment, because I feel that we should have agreed with our allies, especially with Britain, to completely blockade the Communist Chinese coast, particularly as long as the Communist Chinese were defying us and defying the United Nations by keeping their troops in Korea. I could never tolerate the thought that we were being defied and that at the same time that—as the Senator from Missouri so ably stated—our boys were being killed in Korea, trade was permitted to go on with a country that was defying the western civilized world. I would have been glad to go further, if we could have gotten an agreement with Britain to go along with us, and completely blockade the Communist Chinese.

I want to give to give credit to the Senator from Missouri for bringing the matter to our attention, and I give credit also to the distinguished Senator from Maryland [Mr. O'CONNOR], whose committee has made such an able investigation and has called the attention of the Senate to the kind of strategic materials that have sifted through into the hands of the Communists, and which could be conceivably used against our boys battling in Korea. I may say that earlier today the Senator from Utah [Mr. WATKINS] called attention and gave credit to the Senator from Missouri for having brought this matter to our attention.

Therefore, in taking a position against the Kem amendment, which I shall do, and in supporting the so-called Battle Act, I want to make it clear that Senator KEM is the Member in this body who made the Battle Act possible.

I was very much concerned with this whole matter last year, because prior to the passage of the Battle Act, in May of 1951, the Kem amendment was passed and attached to the third supplemental appropriation bill. That appropriation bill went into effect, according to a memorandum I have before me, on June 2, 1951.

It so happened that I was 1 of 9 members of the Committee on Foreign Re-

lations who went abroad last July in connection with appropriations being considered at that time for the NATO countries. We visited the North Atlantic Treaty area. We visited France, England, Spain, Greece, Turkey, and Germany. On the trip we ran into situations where some of the people who were administering the actual defense act of the previous year felt that there were certain difficulties involved in the administration of the Kem amendment of June, 1951; and they raised the question of whether it would not be possible to put through legislation which would protect all of the important objectives of the Kem amendment but at the same time give reasonable flexibility, so that the embarrassments that might come about in dealing with some of the European countries could be overcome.

These embarrassments resulted from the fact that the east-west trade which had been developed between the countries that were allied with us and those within the Soviet orbit was in materials necessary to our allies. In some cases it was vitally necessary, such as in the case of coal from Poland, timber, and other items.

I was particularly impressed with what was said by the High Commissioner for Germany, General McCloy, in whom we have the greatest confidence. In the hours we spent with him he pointed out that the terms of the Kem amendment of June 1951 were so severe that it looked as though it would be impossible to carry on the Berlin operation if the Berlin people on both sides of the line could not deal with each other—and the Kem amendment would prevent it—and that therefore it probably would not be possible to carry on the Berlin operation any further. My interest was aroused in the matter and I determined to see what could be done about passing an act which would embody all the strong and important features of the Kem amendment but at the same time would provide a procedure that would remedy the difficult problems involved.

Mr. KEM. Mr. President, will the Senator from New Jersey yield?

Mr. SMITH of New Jersey. I am glad to yield to the Senator from Missouri.

Mr. KEM. How can the Senator from New Jersey or Mr. McCloy consider that to ask our friends and allies not to deal with Russia and satellite countries in strategic war materials would cut off trade between the two countries?

Mr. SMITH of New Jersey. That is the \$64 question which is involved in the whole debate. That is the reason I asked at the start of my remarks in the RECORD the text of the Kem amendment, so that the reader may refer to it. At the same time I asked that the full text of the Battle Act be inserted in the RECORD, in order to establish the fact that we should try to deal with the problem in the form of amendments to the Battle Act rather than in the form of the strict mandatory action called for by the Kem amendment.

If I could postpone the immediate answer to the question I should like first to develop the differences between us.

I said earlier this morning, when the distinguished Senator from Missouri was bringing up the matter, that it seemed to me that the approach to the matter—and I should be happy to join him in the approach—should be by way of an amendment of definitions to the Battle Act, so that we would be able to know just exactly what materials we want to embargo and what we want to let through. That would be the wiser approach than to attach the Kem amendment to the present Mutual Security Act, because to do so might make it difficult for some of our allies to cooperate with us were they to be cut off completely from any trade with the East in certain materials.

At this point I shall refer to the Battle Act, which I have already had printed in the RECORD.

The Battle Act is divided into three titles. That act is the result of a study which was made by Members of the House, including Mr. BATTLE, who introduced the bill, and for whom the bill is named, and certain other members of the House Committee on Foreign Affairs, including Mr. JOHN M. VORXS, of Ohio, and Mr. MIKE MANSFIELD, of Montana.

I was included in the discussions, along with the Senator from Alabama [Mr. SPARKMAN], who will speak on this subject, and who knows more about the specific features of this measure than I do.

We tried to determine as best we could what legislation should be enacted. First we tried to determine what materials should be allowed to "sift through."

At this point let me make a brief statement regarding the organization of the Battle Act. First of all, title I provides a definite embargo on the shipment of war materials.

Section 102 of title I provides for the administration of the act.

Section 103 provides for the determination of the items to be embargoed.

At this point I note that whereas the Senator from Missouri [Mr. KEM], in his amendment calls for a determination by the Secretary of Defense alone, in regard to what the embargoed materials or articles should be, the Battle Act includes, for that purpose, the Administrator of the Mutual Defense Assistance Control Act, acting with the Department of State, the Department of Defense, the Department of Commerce, and the Economic Cooperation Administration, which then was in existence, and any other appropriate agencies.

At that point, section 103 provides:

Notwithstanding the provisions of any other law, which items are, for the purpose of this act, arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and those items of primary strategic significance used in the production of arms, ammunition, and implements of war which should be embargoed to effectuate the purposes of this act.

I am sure that up to that point the Senator from Missouri [Mr. KEM] would agree that he has no quarrel with this act.

The following paragraph of the act provides, in part, that—

(b) All military, economic, or financial assistance to any nation shall, upon the recommendation of the Administrator, be terminated forthwith if such nation after 60 days from the date of a determination under section 103 (a)—

And certain conditions are established for the termination of such assistance.

Title II relates to "Other materials"—materials other than those strictly classified as war materials. That title provides certain regulations in regard to the "Other materials."

Thereafter, in title III, there are certain "General provisions" relating to the duties of the Administrator, and so forth.

Mr. President, the act is as simple as that. However, it contains one proviso which I believe constitutes the issue between us here. I shall read the proviso, because I believe it is the essence of this debate. First, I read section 103 (b) of the so-called Battle Act:

All military, economic, or financial assistance to any nation shall, upon the recommendation of the Administrator, be terminated forthwith if such nation after 60 days from the date of a determination under section 103 (a)—

Which is the part of the act which provides for the determination of embargoed articles—

knowingly permits the shipment to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, of any item which he has determined under section 103 (a) after a full and complete investigation to be included in any of the following categories: Arms, ammunition, and implements of war, atomic energy materials, petroleum—

At this point I may add that petroleum itself if not included in the so-called Kem amendment—

transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war.

Substantially, at least, it may be said—to use a slang phrase—that language "covers the waterfront." However, following it come the proviso which is the subject of this debate and the present issue:

Provided, That President after receiving the advice of the Administrator—

Mr. President, I would appreciate the attention, in regard to this particular point, of the Senator from Missouri [Mr. KEM] and the Senator from Utah [Mr. WATKINS], because this point is the key of the debate. In other words, in this debate the primary point we are considering is the proviso allowing the President to exercise discretion in these particular cases—

and after taking into account the contribution of such country to the mutual security of the free world, the importance of such assistance to the security of the United States, the strategic importance of imports received from countries of the Soviet bloc, and the adequacy of such country's controls over the export to the Soviet bloc of items of strategic importance, may direct the continuance of such assistance to a country which permits shipments of items other than arms, ammu-

nitron, implements of war, and atomic energy materials when unusual circumstances indicate that the cessation of aid would clearly be detrimental to the security of the United States.

I believe it is the interpretation of that proviso that has troubled the Senator from Missouri [Mr. KEM], and I am perfectly willing to say that it has troubled me, because when the security of the United States is referred to in that connection, this act calls for the striking of a balance insofar as such shipments are concerned, namely, whether the balance in connection with such shipments is or is not in favor of the security of the United States, in connection with the mutual security of the free world.

I believe it is true that all of us resent the shipment of materials which endanger our security or the security of our boys in Korea. On the other hand, under a properly administered law, a determination would be made as to whether the danger resulting from the shipment of item X to the Soviet bloc of nations would be greater, in terms of our security, than the return, in terms of our security, which our country would receive from having item Y shipped to us from the Soviet bloc of countries, following the shipment to them of item X. That is the point at which the difficulty arises. I admit that I am troubled by it, as is the Senator from Missouri.

On the other hand, the way to deal properly with it is not to enact a mandatory law, such as the Kem amendment, but, in my judgment, perhaps to state very definitely just what quantities of what materials may be shipped, to assure that we shall definitely obtain an over-all advantage as a result of such shipments.

Mr. WATKINS. Mr. President, will the Senator from New Jersey yield to me?

The PRESIDING OFFICER (Mr. FREAR in the chair). Does the Senator from New Jersey yield to the Senator from Utah?

Mr. SMITH of New Jersey. I yield.

Mr. WATKINS. Then I understand the Senator from New Jersey to say that there has been an abuse of discretion in connection with this matter.

Mr. SMITH of New Jersey. I do not know as to that, because the act has been in effect only 5 or 6 months, and personally I have not received enough data to be convinced that there has been an abuse of discretion in this case.

I am told that in a period of approximately 5 or 6 months—the length of time since the act has been in effect—the shipments of strategic materials from western Europe to the Soviet bloc of nations have fallen from \$7,500,000 worth, in 1951, to less than \$400,000 worth, during the first five months of 1952. Those figures might indicate that during 1952 the total shipments of such materials to the Soviet bloc will decrease to a total of \$1,000,000 worth. Certainly that would indicate an end to some of this business. Whether it is an adequate decrease I am not yet prepared to say.

Mr. WATKINS. Are the figures the Senator from New Jersey has submitted for the entire year, or are they a monthly basis?

Mr. SMITH of New Jersey. These figures are for the entire year, for that group of items.

In the case of less important items, such as small electric motors, and so forth, the figures show a decrease in the value of shipments from \$80,000,000 worth in 1951 to less than \$30,000,000 worth in 1952.

I am citing these figures, which were given to us in a conference, to indicate that there has been a decrease in the shipments during the 7 months the Battle Act has been in effect. These figures show a definite decrease in such exports. That action was taken in the attempt to adjust shipments between the Russian bloc of countries and the countries of western Europe that are trying to balance their budgets and to handle properly their needs in international trade.

Mr. WATKINS. Mr. President, will the Senator from New Jersey yield further to me?

Mr. SMITH of New Jersey. I yield.

Mr. WATKINS. I believe the Battle Act would take care of the situation if it were properly enforced. I do not like the idea of trying to reach a balance, as between imports and exports, in terms of seeing what over-all picture develops, because it seems to me that such an arrangement permits of too much error. The President might say, "We need friends, and so we will do what our friends want, and then they will continue to be our friends."

So it seems to me that it is very difficult for an administrator to enforce properly such an arrangement.

Mr. SMITH of New Jersey. At this point let me say that of course the Battle Act provides for an administrative organization; and as a result of that arrangement one of the principal men under the Mutual Security Administration program is made part and parcel of the sifting and channeling and screening and scrutinizing of the kinds of material that are permitted to be traded under this program.

Of course, as the Senator from Utah says, there is the danger that mistakes may be made when any human hand is applied to such a situation.

On the other hand, what alternative do we have?

Let us assume that the Kem amendment is adopted: In that event, the countries to whom we give aid would have to sign a paper setting forth the commitments they had made in regard to international trade in such materials. However, one can imagine that "bootlegging" might very easily develop, insofar as international trade in such materials is concerned.

Therefore, I would prefer to have an administrator established, with the result that he would watch this situation very carefully. That is what is done under the Battle Act. It seems to me it is a wiser solution. That is why I favored the Battle bill.

Mr. WATKINS. Mr. President, will the Senator yield for a further question?

Mr. SMITH of New Jersey. Certainly.

Mr. WATKINS. Is it not a fact that under the terms of the measure, the only time the President can do anything is after the other countries have acted? In other words, if they go ahead and make the shipments, although he may not think they should have done so, they will already have done it, and he would be punishing them for something which has already occurred. He does not have any method or means whatever to determine in advance what they are going to do.

Mr. SMITH of New Jersey. The proviso says—and I shall read it again to the Senator:

Provided, That the President after receiving the advice of the Administrator and after taking into account the contribution of such country to the mutual security of the free world, the importance of such assistance to the security of the United States, the strategic importance of imports received from countries of the Soviet bloc, and the adequacy of such country's controls over the export to the Soviet bloc of items of strategic importance, may direct the continuance of such assistance.

There is an ascertainment he must make before he directs a continuance.

Mr. WATKINS. In other words, he is passing upon something that has already been consummated. He is passing on that situation.

Mr. SMITH of New Jersey. He is passing on the status of trade back and forth which has to be justified by him before we continue our aid. Then, if he finds that the embargo which is provided for in this act is violated, there is the termination provision which appears in section 104. Let me say I did not read the second proviso, which is very important. When the President has made such determination, then country "X" can continue the trade and we can continue the assistance. I read:

Provided further, That the President shall immediately report any determination made pursuant to the first proviso of this section with reasons therefor to the Appropriations and Armed Services Committees of the Senate and of the House of Representatives, the Committee on Foreign Relations of the Senate, and the Committee on Foreign Affairs of the House of Representatives, and the President shall at least once each quarter review all determinations made previously and shall report his conclusions to the foregoing committees of the House and Senate, which reports shall contain an analysis of the trade with the Soviet bloc of countries for which determinations have been made.

The next section, section 104, reads:

Whenever military, economic, or financial assistance has been terminated as provided in this act, such assistance can be resumed only upon determination by the President that adequate measures have been taken by the nation concerned to assure full compliance with the provisions of this act.

I am merely reviewing these provisions because I want the Senator to understand the kind of machinery we tried to set up for the purpose of dealing with this problem, and of keeping constant check on the administration of the act. We provided that the information should

be detailed and practical, so that the procedure would not simply slide along, as I am afraid it otherwise would. Even under the provisions of the Kem amendment there would be no such check at all. All we would have would be the statement from the other countries, before they could get any help from us, that they had not, subsequently to the enactment of this act, exported or knowingly permitted the exportation of such goods. I think the Battle Act is tighter than is the Kem amendment.

Mr. WATKINS. I may inquire of the Senator whether the provisions of that act with respect to the quarterly reports to the President have been carried out.

Mr. SMITH of New Jersey. I am advised that the reports have been made; and, in fact, before I conclude my remarks, I am going to submit a report which was made to the chairman of our committee in connection with one of the matters which the Senator from Missouri brought to our attention.

Mr. WATKINS. If I may address another question to the Senator, as I understand the parliamentary situation, there is no way that those who favor the over-all program and favor the bill, even though they do not agree with all its provisions and although they voted for amendments which were lost, can express how they feel about this Kem amendment except by voting against the entire conference report. Is not that true?

Mr. SMITH of New Jersey. At the moment, that is necessary, unless the Senator from Missouri would consider withdrawing his amendment and joining with me and other Senators in attaching a similar amendment, or some kind of amendment, to the Battle Act. I think this question should be handled by tightening up that act, rather than to be handled in the present MSA amendment. That would be my thought.

Mr. WATKINS. Is the Senator from New Jersey in favor of amending the Battle Act, in order to tighten up that situation?

Mr. SMITH of New Jersey. At the moment I am thinking of merely one item. I do not believe it is tight enough on the subject of rubber. It seems to me the rubber provision is too loose. I really think something should be done in that respect. But I am advised that the reason for the difficulty regarding rubber is the critical situation in Malaya. If rubber cannot be exported from Malaya, or if it is made too tight, so that the other countries cannot take it, or because, by strict limitation, the situation is so tight that Malaya cannot export some of it, Malaya would be in serious economic difficulty. This could well mean a substantial increase in Communist influence in that area. I think that is the reason some of our British friends have been urging that there be not too stringent controls over the rubber situation. I am presently going to read into the Record a statement I received from the office of the Administrator of MSA regarding the rubber situation. I shall deal with that in a moment. But I am giving that as an example of the embarrassment we have

found in having too rigid an amendment, such as the Kem amendment, which says that no such exports can be made.

Mr. WATKINS. Does the Senator think the administration tried sincerely to enforce the Kem amendment when it was on the books?

Mr. SMITH of New Jersey. I do not think it was on the books long enough for us to know much about it in the way of enforcement. The only evidence I had was, I think, in France. I do not want to quote anybody wrongly, but, as I recall, Ambassador Bruce talked to me about it in France, and I know John McCloy did, in Germany. They were embarrassed, and wanted to know whether we could not do something to carry out what the distinguished Senator from Missouri has called to our attention as so important, namely, to put the brakes on the movement of strategic materials, but to set up machinery which would provide sufficient flexibility to enable us to deal with embarrassing situations.

Mr. KEM. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I am very glad to yield to the Senator from Missouri.

Mr. KEM. Is it not true that after the passage of the Kem amendment by the Congress, the President suspended its operation by Executive order?

Mr. SMITH of New Jersey. That may be true.

Mr. KEM. I was withheld by Executive order, was it not?

Mr. SMITH of New Jersey. I do not know, but I take the Senator's word for it. If that be so, that should not have been done.

Mr. KEM. That is my understanding.

Mr. SMITH of New Jersey. But it is true, as I said a moment ago, that United States officials in Paris and in other places where our committee was on its trip last July, called our attention to this matter. One of the chief things they asked us to do was to see whether we could not get together when we got back and bring about a satisfactory solution. That led to my interest in the Battle bill and I helped to get that bill passed. It was approved on October 26. I thought I was doing an act which was recognizing the leadership of the Senator from Missouri. I thought I was carrying out the purpose of his amendment.

Mr. KEM. I appreciate the good offices of the Senator from New Jersey, but is it not a fact that, instead of giving the Kem amendment a fair test, the President, merely by Executive order, unlawfully as I thought, suspended the operation of that act? Now it is being said that we ought to give the Battle Act a fair test. They declined and refused to try the Kem amendment in operation, but are now pleading for more than 7 months within which to test the Battle Act.

Mr. SMITH of New Jersey. If I may say so to the distinguished Senator, I very much fear that, had we followed the Kem amendment literally, we would

have had to withhold aid from our allies while we were trying to interpret what the Kem amendment meant.

Mr. KEM. Is it unthinkable that our allies would subject themselves to the same discipline that we ourselves have done?

Mr. SMITH of New Jersey. I think there is much to be said for that point. I do not want to debate it with the Senator, but I think that probably is a point that we ought to explore further in amending the Battle Act. It is a fact, however, that there are certain areas in Western Europe where they need coal or timber props, or something else for their mines, which they can get only from the satellite countries, and, in order to get those things, they have to trade in some way such such countries. They carry on such trade when it is not in a quantity to be damaging to our security. Our allies do not come as near to being self-sufficient in natural resources as we do in this country.

Mr. KEM. Mr. President, will the Senator from New Jersey further yield?

Mr. SMITH of New Jersey. Very gladly.

Mr. KEM. Would the Senator join in the argument made by the Honorable Herbert Morrison, when he was in the United States, to the effect that when we want to engage in international trade we have to tell what our customers want to buy, and it so happens that presently Russia and her satellites want to buy strategic war materials, and so we have to sell them to Russia?

Mr. SMITH of New Jersey. No, I would not join him in that statement. But there are many questions involved in these things. I do not think it necessarily means that the advantage will be with the enemy. There might be some cases where it would be well to consider the whole picture and see whether we would be gaining or losing by the proposed trade.

Mr. KEM. Has the Senator from New Jersey heard of any other definition of strategic war materials than that which we are applying to ourselves?

Mr. SMITH of New Jersey. I do not think so.

Mr. KEM. Does the Senator know of any reason why the same definition should not be required of our allies?

Mr. SMITH of New Jersey. No; and I think that may be a hint that if the Senator will join with me in an amendment to the Battle Act, it might be well—

Mr. KEM. I have great regard for the opinion of the Senator from New Jersey, but I do not quite see why we should undertake at this late hour in the session to introduce new legislation to amend the Battle Act, pilot it through a committee of the Senate and a committee of the House—it may be that the Senate Foreign Relations Committee would not consider it—and then try to pass it during this session, instead of making further aid to our allies contingent on their meeting fair, just, and honorable conditions with reference to selling strategic war materials only to Russia and her satellites.

Mr. SMITH of New Jersey. It is late in the session, of course. It should have come up when we were considering the bill. Here we have an act which is the existing law. It has given evidence of moving in the right direction. But let me read the report of our conferees to show that we are not entirely happy in the matter:

The Senate amendment included a provision that no economic, financial, or military assistance should be provided to any country knowingly permitting the export of arms, military matériel, or commodities likely to be used in the manufacture of arms or armament to the Soviet Union or its satellites.

That has reference to the Kem amendment.

This section also provided for the repeal of the Mutual Defense Assistance Control Act of 1951 (Public Law 213, 82d Cong.—Battle Act). The conferees felt that proper implementation of the Mutual Defense Assistance Control Act would provide a more workable solution to the problem and did not include this section in the conference agreement.

The committee of conference, however, expressed dissatisfaction with the progress made so far in bringing under control shipments to the Soviet bloc from countries which receive United States assistance. The committee of conference also was concerned that the operation of the control of trade with countries behind the iron curtain was still dispersed among several departments and agencies in Washington and that the centralization of administration which had been anticipated under the Battle Act had not been completely put into effect.

Those were our criticisms up on that point.

The committee of conference examined figures showing substantial reductions in East-West trade in strategic materials since the Battle Act went into effect and found that substantial progress was being made in eliminating this trade. It was recognized that during the short time the Battle Act has been in effect a basis has been laid for reducing the volume of shipments to Russia and the satellites and that the results of preparatory work have not yet had time to become fully apparent.

That is the statement made by the committee in its report, and that is the basis of the view that it was wiser to continue with the statute on the books than to establish the new over-all provisions of the Kem amendment.

Mr. WATKINS. Mr. President, will the Senator from New Jersey yield?

Mr. SMITH of New Jersey. I was yielding to the Senator from Missouri.

Mr. KEM. Looking at the matter realistically and objectively, does the Senator feel that if something is not done with reference to the pending bill there is any likelihood that any amendment to the Battle Act may be accomplished during the present session?

Mr. SMITH of New Jersey. That is a difficult thing to prognosticate. We are all trying to get through before the conventions begin. I do not think the difference between us is great enough to say—

Mr. KEM. Is it an inconsequential difference when it involves the lives and safety of our men in Korea?

Mr. SMITH of New Jersey. If I thought that, I would agree with the Senator.

Mr. KEM. How many casualties would it take for the Senator to agree?

Mr. SMITH of New Jersey. It is not a question of casualties.

Mr. KEM. Does the Senator find fault with the figures which I presented this afternoon to the effect that shipments of strategic war materials to Russia and her satellites have been increasing by tremendous amounts since the Battle Act went into effect?

Mr. SMITH of New Jersey. I have been advised that in rubber they have not increased. One of my aids gave me the figures which I read before, that the shipments of strategic materials have dropped from \$7,500,000 in 1951 to less than \$400,000 in the first 4 months of 1952.

Mr. KEM. Where did the Senator get those figures?

Mr. SMITH of New Jersey. From the figures we received from the office administering the Battle Act. I think the Senator has seen some of them. They are filed by countries. Of course, they are confidential information, but the Senator from Missouri or any other Senator may look at them. I did not feel at liberty to read those tables on the floor of the Senate.

Mr. KEM. Why should they be confidential when the safety of our men in Korea is involved?

Mr. SMITH of New Jersey. I could not answer that.

Mr. CONNALLY. Mr. President, will the Senator from New Jersey yield?

Mr. SMITH of New Jersey. I yield.

Mr. CONNALLY. Is it not true that the statistics show that under the Battle Act, after only 7 months of operation, exportation to the satellite countries has decreased very rapidly?

Mr. SMITH of New Jersey. Yes. I read that a minute ago.

Mr. CONNALLY. I stated it Friday, in my remarks, I think.

Mr. SMITH of New Jersey. I am not entirely satisfied with the figures which I have received, but they show that we are moving in the direction of control and of a reduction of certain items.

Mr. KEM. Mr. President, will the Senator from New Jersey further yield?

Mr. SMITH of New Jersey. I yield.

Mr. KEM. Is it not true, as a general proposition, that if we are to consider the figures, they should be laid on the table here for a critical examination? But the figures are suppressed. Is that the kind of treatment the American people have a right to expect?

Mr. SMITH of New Jersey. I do not think it is quite fair for the Senator from Missouri to question me as to the wisdom or unwisdom of our military authorities when they say that certain dealings should not be made public. I think the Senator from Missouri is entitled to study the figures.

Mr. KEM. I have been accorded that privilege, and I appreciate the courtesy. I found some of the figures incomprehensible; I found them incomplete, and I found them far from convincing.

Mr. SMITH of New Jersey. I will say to the Senator that I am very much interested in and very enthusiastic about the work done by the O'Connor subcommittee.

The Senator from Maryland made an important study of the question, but he told me just a day or two ago—I hope I am not quoting him incorrectly—that he has not received any figures for the past 3 or 4 months. His figures were earlier, and he has not received the most recent figures.

These are questions that should be handled by all of us getting together to see where we could tighten this act, without trying to draw the entire curtain down, and preventing anything at all from going through. It should be done in such a way as to avoid embarrassment to our people in their dealings with other countries abroad.

Mr. KEM. I read this morning a public statement made by the Senator from Maryland, as chairman of the committee, to the effect that shipments were continuing in great quantities in January. I read from a report to the same effect—

Mr. SMITH of New Jersey. January was the month the Battle Act first began operation.

Mr. KEM. I read to the same effect with reference to February. I have made inquiries at the Department of Commerce and other available agencies, and the latest figures I have been able to get are for April of this year. There is nothing in those figures to indicate that shipments of such important articles as rubber have increased greatly.

Mr. SMITH of New Jersey. That makes it necessary at this point for me to read into the RECORD a statement which I have on the rubber situation. I shall read it at this time.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield to the Senator from Utah.

Mr. WATKINS. I should like to explain why I asked about the parliamentary situation, whether or not there was any way we could vote for the Kem amendment, to show our approval of it, without voting against the conference report. I am informed that we cannot do so. Personally I have voted for all so-called foreign aid measures during the years I have been in Congress. I have often disagreed with the amounts authorized in most of the measures for which I voted, but it was always after careful scrutiny. I am one who believes the Senator is doing a great service—

Mr. SMITH of New Jersey. I thank the Senator.

Mr. WATKINS. I am faced now with this situation: I approve the program. It is our program. We have no other program at the moment; and it would seem to me to be folly to withdraw from it, because we have nothing else prepared to take its place.

We are in so far and so deep that we should not change course now. I find myself in a position where I am in conflict between my deep feeling about this amendment, and what is going on over—

seas, and particularly with reference to what is being done by the administration in keeping the Nationalists on Formosa from interfering with traffic of strategic materials, weapons of war, and almost everything else going into Red China at this time under the very noses of our guns. The Nationalists are prevented by our fleet from interfering with that traffic.

I shall vote for the over-all program as recommended in the report; yet I heartily disagree with the committee's action on this particular amendment in abandoning it, and not adopting it.

Mr. SMITH of New Jersey. As the Senator probably knows, there were two votes in favor of it. There were two of us, the Senator from Wisconsin [Mr. WILEY] and myself, who felt in the conference committee that we should try to seek a way to meet the difficulties contained in the Kem amendment. We felt the Kem amendment was too drastic, but that there might be some amendment suggested to the Battle Act to meet the difficulties. I still think that could be done, if we had the will to do it, because the Battle Act has a year to go before it expires. I believe we are making progress.

Mr. WATKINS. Mr. President, will the Senator yield for another question?

Mr. SMITH of New Jersey. Yes.

Mr. WATKINS. Was there any mandate in the conference to bring in an amendment that would meet the Senator's views, to tighten up the Battle Act?

Mr. SMITH of New Jersey. The main reason was that the House had a considered opinion that the Battle Act should be tried further. I do not believe I am misquoting anybody when I say that the House conferees were unanimous in that feeling, and the only ones on our side were the Senator from Wisconsin and myself, who felt possibly some adjustment could be made along the lines of the Kem amendment.

I believe the Battle Act can be used effectively. I think this debate will help the administrator of the Battle Act, and I think it will serve notice on the President as to the way we feel about its administration. I feel the Battle Act is the best approach at the moment, rather than to go back and say that the entire Mutual Security Act should be thrown out because we disagree with the Kem amendment.

Mr. WATKINS. I think the Senator has in mind that the vote in the Senate was 40 to 32 in favor of the Kem amendment.

Mr. SMITH of New Jersey. I am very sorry the senior Senator from New Jersey, who is a good, staunch Republican, was the one Republican who did not vote for his colleague's amendment. In fact, the next day I asked to be allowed to change my vote, in recognition of the contribution the Senator from Missouri has made. While I do not agree with him, I still feel the Battle Act is the best approach, rather than to put a strait-jacket onto this particular bill.

Mr. WATKINS. I might feel the same way about the Battle Act if we

had what I felt was sincere enforcement of it.

Mr. SMITH of New Jersey. The administration of any act is always the important thing.

Mr. WATKINS. That is why I believe we ought to have a mandatory act, because we are not getting compliance with the requirements of a discretionary act.

Mr. SMITH of New Jersey. I thank the Senator from Utah for his courtesy.

In light of the fact that we have been discussing the rubber question, I have here a memorandum from the administration that I should like to read into the Record at this point:

CLAIM THAT CRUDE RUBBER SHOULD BE A WAR MATERIAL UNDER TITLE 1 OF BATTLE ACT AND THAT BRITAIN HAS GREATLY INCREASED ITS EXPORTS OF CRUDE RUBBER TO THE SOVIET UNION SINCE PASSAGE OF THE BATTLE ACT

The facts: Crude rubber, like crude steel, is a basic necessity for modern warfare. It is not, however, considered of primary strategic importance because crude rubber, as such, has no direct military application. It must first be treated by the addition of various chemicals and must then be manufactured into strategic items for military use. That is why, under the Battle Act, a long list of rubber-compounding agents, masterbatch, key types of rubber-working machinery, carbon-black manufacturing plants, bullet-proof tires and tubes, and heavy-duty tires in addition to the more important types of synthetic rubber are all rated as primary strategic, and hence require embargo treatment. After careful consideration of the best advice and information available from the United States rubber industry and agencies of the United States Government relating to Soviet bloc stocks, production, and uses of rubber, the Administration has not yet found it possible to determine a precise level beyond which exports would contribute to the Soviet bloc war potential. This level may be as high as 100,000 tons a year.

As I recall, the figures given by the Senator from Missouri this morning showed that the total rubber exports of the Soviet bloc were around 82,000 or 85,000 tons. I do not recall the exact figure, but it was something in that neighborhood.

When the statistics are viewed over-all, Britain has not speeded up the rate at which it has been permitting shipments of crude rubber to the Soviet Union. The very large increase in shipments from the United Kingdom since Korea is accounted for by the fact that whereas Malaya used to ship these quantities directly to the U. S. S. R., they are now moving largely by way of the United Kingdom. In 1950 approximately 68,000 tons of rubber moved to the U. S. S. R. from Malaya (a British territory), while in 1951 only 17,500 tons moved from that source. In these years, the total imports of rubber into the U. S. S. R. were 82,500 and 67,500 tons respectively. During the first quarter of 1952 shipments from the United Kingdom to the U. S. S. R. amounted to about 42,000 tons. Approximately 18,000 tons of this amount were actually licensed in the latter part of 1951. Because of lack of shipping facilities, this quantity was not exported until 1952. Both Malaya and the United Kingdom embargo exports of rubber to China.

Continued exports of crude rubber to the Soviet bloc from the United Kingdom and Malaya are necessary to assure the import into the United Kingdom of large amounts of essential timber and coarse grains.

That is the exchange idea which the Battle Act makes possible under that proviso. I continue reading from the memorandum:

A further difficulty in getting sharp reductions in rubber shipments to the U. S. S. R. is in the fact that the price of natural rubber has been declining steadily, leading to reduced wages in rubber producing areas in Malaya and Indonesia which already have difficult internal political problems. As is well known, there is unrest in Malaya now and open Communist depredations against plantation personnel take place daily there. In Indonesia the Communists are making efforts to gain control. Further reductions in exports, attributed rightly or wrongly to United States efforts to get tighter controls to the Soviet bloc, could backfire dangerously especially in underdeveloped areas in the Far East. There has been general dissatisfaction in those areas with United States rubber procurement policy and they feel they must protect their standards of living, already too low, by finding adequate markets for their major income producing product.

Our policy is aimed at embargoing rubber to China, reducing the remaining trade to the lowest level which can be reached considering the grain and timber supply problem and political problems just mentioned and to assuring that rubber which is sent to the bloc produces equivalent or greater strength for the West (by the nature of the quid pro quo) than it produced for the bloc.

We have the question of policy, as to whether it is wise to make these exchanges, carefully screened and carefully watched as to quantities, and the question of the effect on our strategic materials situation, and whether it is wise to have the flexibility provided in the Battle Act, under which the shipments involved are made.

So far as I am concerned, that is the record from the administration on the rubber question.

There was another question raised by the distinguished Senator from Missouri, and that was with reference to petroleum exploration equipment which had been shipped from the Netherlands to Poland. I have inquired about this subject, and I have been handed by the chairman of the committee [Mr. CONNALLY] a letter from the White House, which I am told is not classified, and which I think should be placed in the Record at this time, because apparently, under the discretion given by the proviso, section 103 (b), the President felt justified in releasing this petroleum exploration equipment, from the Netherlands to Poland.

I shall not read the entire letter, but I ask unanimous consent that it be printed in the Record at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

THE WHITE HOUSE,
Washington, April 22, 1952.

DEAR MR. CHAIRMAN: I have been advised that a small quantity of petroleum exploration equipment was shipped from the Netherlands to Poland after the effective date of the Mutual Defense Assistance Control Act of 1951 (the Battle Act). This oil drilling equipment is an item listed by the Administrator, pursuant to title I of the Battle Act, as one embargoed in order to effectuate the purposes of the act. Any shipment of any such items listed automatically results in

all military, economic, and financial assistance to the Netherlands being cut off, unless I determine, in accordance with the powers granted to me by section 103 (b) of the act, that "cessation of aid would clearly be detrimental to the security of the United States." The Administrator of the act has advised me that aid to the Netherlands should be continued. He made this recommendation after consultation with representatives of the Departments of State, Treasury, Defense, Interior, Agriculture, Commerce; the Office of Defense Mobilization, the Mutual Security Agency, the Atomic Energy Commission, and the Central Intelligence Agency.

I am informed that the facts are as follows:

The shipment, which took place recently, involved small quantities of oil drilling equipment. Technical experts in this country believe that this amount of this particular type of equipment would not add significantly to the capacity of the Soviet bloc to explore for, or to produce petroleum.

The shipment is the final one against binding obligations incurred in August 1949. The original contract was entered into in good faith by the Netherlands shipper and the Polish Government enterprise 2 years before the passage of the Mutual Defense Assistance Control Act and prior to any international understanding that the equipment in question is of primary strategic importance. At the time the original transaction was negotiated, the Dutch shipper had obtained the consent of his government to complete the contract and subsequently had obtained a Dutch export license. By the time the embargo list was established, pursuant to title I of the Battle Act, and became operative on January 24, 1952, the Dutch equipment had been practically paid for by the Polish enterprise. Before the final shipment took place, officers of the United States Government held discussions with the Government of the Netherlands in an effort to find a means of avoiding this shipment. The Netherlands Government considered that this equipment would not significantly contribute to the military potential of the Soviet bloc (a conclusion in which our United States technical experts agree). It also took into account the fact that the shipment had been virtually paid for and represented the final transaction under a binding contract made in good faith more than 2 years previously. The Netherlands Government, therefore, concluded that it would not block the shipment.

Cessation of aid to the Netherlands would materially weaken the whole system of defenses now being built up under the North Atlantic Treaty. Consequently, cessation of aid to the Netherlands would be "detrimental to the security of the United States."

The Netherlands is making a substantial contribution to the mutual security of the free world. The Netherlands has been a participant in the North Atlantic Treaty defense program since its inception and, notwithstanding a most difficult domestic economic situation, has made courageous political and military decisions and has taken positive steps in order to make its participation in the program effective. The Netherlands Government has demonstrated a co-operative spirit, and has displayed a genuine sense of concern and responsibility toward the mutual defense effort.

The Netherlands Government has committed itself to make substantial contributions—industrial, financial, and military—to the North Atlantic Treaty defense program. In this connection, it should be noted that the Netherlands Government is carrying out on its own initiative a strict program of internal financial controls and is reducing the level of civilian consumption in order to provide added resources for defense.

From the standpoint of military strategy, the Netherlands occupies an important po-

sition. The Dutch have shown a willingness to cooperate in coordinated planning so as to make possible the maximum use to NATO forces of Holland's strategic location. In addition, the Netherlands Government has specifically committed itself to provide a substantial number of troops, naval vessels, and air units and to be responsible for their maintenance and training. However, the Netherlands' contribution to the security of the free world—and, hence, to the security of the United States—cannot, in the absence of assistance, be carried out as planned.

The Netherlands Government cooperates with the United States and other countries of the free world to prevent or limit drastically export to the Soviet bloc of items that are considered to be strategic. The Netherlands controls are well designed to effectuate understandings arrived at and are efficiently operated.

Therefore, in accordance with the provisions of section 103 (b) of the Mutual Defense Assistance Control Act, I have directed that assistance by the United States to the Netherlands be continued. In reaching this determination, I have acted upon the advice of the Administrator of the Mutual Defense Assistance Control Act, Mr. W. Averell Harriman, and have taken into account "the contribution of such country to the mutual security of the free world, the importance of such assistance to the security of the United States, the strategic importance of imports received from countries of the Soviet bloc, and the adequacy of such country's controls over the export to the Soviet bloc of items of strategic importance."

Very sincerely yours,

HARRY S. TRUMAN.

Hon. TOM CONNALLY,
Chairman, Committee on Foreign Relations,
United States Senate, Washington, D. C.

Mr. SMITH of New Jersey. I shall read one paragraph. I quote from the letter from the President to the chairman of the committee:

The shipment, which took place recently, involved small quantities of oil-drilling equipment. Technical experts in this country believe that this amount of this particular type of equipment would not add significantly to the capacity of the Soviet bloc to explore for, or to produce petroleum.

That is the official explanation which comes to our committee from the President of the United States.

The letter goes on to say that the Netherlands Government was under contractual obligation, which it entered into long before the question of the embargoes arose, and that this was the last delivery on a contractual obligation undertaken, I believe, in 1948 or 1949. It was decided by our own technical experts that this amount of equipment would not in any significant way add to the capacity of the Soviet bloc to explore for or to produce petroleum.

Mr. KEM. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. KEM. Has the Senator any comment on the reports in the press to the effect that this waiver or permit given to the Netherlands regarding oil-drilling equipment is considered to be the first of a series of similar waivers which will be issued by the President?

Mr. SMITH of New Jersey. I do not know, because all the letter states is that the shipment is the final one, against binding obligations incurred in August

1949. Therefore, so far as this particular transaction is concerned, this is the last of a series for filling a previously incurred obligation. There is nothing I can find in the letter which refers to a continuing series. The President simply takes the position that under section 103 (b) of the Battle Act, he has the flexibility of discretion to allow this shipment to go through.

With respect to the other question which the Senator asks, I could not answer it.

I may say to the Senator from Missouri that I would expect, after this debate and the very able presentation he has made, together with the sincere explanation which I have tried to make, as I understand these two measures, the Kem amendment and the Battle Act, that the President would realize that we have these conditions very much in mind, and that we do not expect further additions to be made, by way of any attempt to get around the spirit of the Battle Act. I do not believe the President would try to do that.

Mr. KEM. Does the Senator agree that we are reaching the point where patience is ceasing to be a virtue? We have been told from month to month, and even from year to year, that if Congress would be patient, these shipments would be stopped. Yet when we send out our committee and the committee reports back to us, we find that they have not been stopped, that with respect to some commodities or materials the shipments are increasing instead of decreasing. Still we are again asked to be patient, and told that something will be done about it. In the meantime our boys are being killed and wounded in Korea.

Mr. SMITH of New Jersey. I will say in answer to the Senator that the first time this question was forcibly called to my attention was in the able presentation by the Senator himself last year or the year before. The subject was forcibly brought to my attention as recently as last July. So far as my colleagues and I are concerned, we immediately applied ourselves to the Battle Act legislation. We got that legislation through because we felt that it would carry out the program of the Senator from Missouri. We felt that it provided machinery which would take care of these problems in the course of time.

The Senator from Missouri is perfectly right when he says that our boys are being killed in Korea, and that we should move as rapidly as we can. The question is, How rapidly can we move? I do not believe that we would gain anything by passing a drastic amendment like the Kem amendment, which allows no flexibility to deal with the questions which have a vital part in our entire collective security program.

Mr. KEM. I should like to ask the Senator whether he thinks the attitude of our friends and allies in Western Europe would be any different if they had 90 percent of the men in Korea and we had 10 percent, and if they were suffering 95 percent of the casualties while we were suffering 5 percent?

Mr. SMITH of New Jersey. I can only say, so far as our French allies are concerned, that we must realize the terrific losses they have taken in French Indochina, both in respect to manpower and the money they have had to spend to try to defend that area for the western free world. We cannot minimize what the French have done there in a most heroic way. They are among those who are in favor of some kind of flexibility in the program. So I do not feel that we can be too critical. In that instance, at least, we have an example of full and wholehearted cooperation which matches even ours in Korea.

Mr. KEM. The O'Connor committee tells us about shipments of badly needed ball bearings shipped from France to Czechoslovakia. Some of them, the O'Connor committee says, are going by parcel post.

Mr. SMITH of New Jersey. I understand that the steel for the ball bearings comes from Czechoslovakia. Probably some agreement was made for the processing of the steel. I am not sure about that. That subject is also mentioned in the memorandum to which reference has been made.

Mr. KEM. The fact that Czechoslovakia is trying unsuccessfully to get by with plastic ball bearings shows how short they are in supply, and what a body blow it would be to the Russian Communist war effort if we could be successful in cutting off shipments of these strategic materials.

Mr. SMITH of New Jersey. I should say that both the United States and our allies would feel that it was most important to do that rapidly as possible. I go further than does the distinguished Senator from Missouri. The Chinese Communists are defying us in Korea, and holding the line in Korea where they have no business, under any possible excuse, to be, except by Russian instigation. I can perhaps understand the North Koreans being there, but the Chinese Communists have no right to be anywhere in Korea. They are defying the United Nations. So far as I am concerned, I would place a tight blockade around the entire country, but we cannot do it unless the British join us in that effort.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. SPARKMAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded, and that further proceedings under the call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I suggested the absence of a quorum in order that the Senator from Wisconsin [Mr. WILEY] might be heard. It was my understanding that he wanted to speak on the pending report. He informs me

that he does not care to do so. Therefore, I have asked to suspend further proceedings under the quorum call.

Mr. President, I desire to say a few words on the report. I do not desire to take much time, because I believe there has been a very thorough discussion of the subject. I believe that the Senator from Missouri [Mr. KEM] very ably presented his viewpoint. I believe that the Senator from New Jersey [Mr. SMITH] and the chairman of the committee very ably presented the contrary viewpoint. Therefore, I do not believe there is any need for continuing discussion at any great length.

I should like to say, however, that I feel that the Senator from Missouri and I, as well as others who have dealt with the subject, are working toward the same objective. All of us want to curb trade insofar as it is harmful to our defense, to our economy, or in any other way. It becomes a matter, then, of how best to go about it. We tried to proceed under one of the early versions of the Kem amendment, and we saw many difficulties in attempting to carry it out, due, primarily, I believe, to its rigidity.

Then it was that the House Committee on Foreign Affairs decided to study the situation in order to determine whether legislation could be evolved, not to repeal the Kem amendment—that was not the idea at all—but to do what the able Senator from Missouri was trying to do by his amendment, but in a way that would accomplish better results.

The Senator from New Jersey told something about the proceedings under which that legislation was considered. The House committee appointed a subcommittee. The chairman of the subcommittee was Representative BATTLE, from my State of Alabama. It was because of his serving as chairman of the subcommittee and because of his introducing the bill and sponsoring it that it became known as the Battle Act.

My recollection is that the subcommittee, which was a bipartisan subcommittee, unanimously recommended the proposed legislation. It then went to the full committee, which, of course, is a bipartisan committee, and that full committee unanimously recommended the Battle bill to the House of Representatives. As I recall, it was practically unanimously passed by the House. I am not certain, but it seems to me that one vote was cast against it. I may not be correct in that recollection. I know it was passed by an overwhelming vote.

The President, as has been stated, that bill became law on October 26, 1951. It took a little time to set up the machinery, and, because under the form in which we wrote the bill into law it was to be geared into the Mutual Security Program, it took a little time to get it started. But it has been going along very well. I believe there has been sufficient said here today to indicate that it has been working very nicely.

Mr. President, I am not standing here contending that it is working perfectly. I do not suppose anyone would so contend. Certainly the Kem amendment from the time it was on the statute books did not work perfectly. I am not

saying that the reason the Kem amendment did not work perfectly was due to the manner in which it was worked or due to the administration or due to any one particular thing. I believe personally that it was entirely too inflexible. I think that is the reason.

Mr. KEM. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. KEM. Mr. President, is it not correct to say that the Kem amendment never had a chance, because the President by Executive order suspended its operation, and it was never in effect for even 1 day? How can it be said, therefore, under those circumstances, that it had any test? The President took advantage of what he considered to be a loophole which was put into the amendment in conference, which gave him the right to make exceptions in the application of the law. What he did was not to make any specific exception but to make a general exception, and he suspended the entire operation of the amendment. Certainly under those circumstances it could not be said that the Kem amendment has had a fair test.

Mr. SPARKMAN. I am certainly not going to join issue with the Senator from Missouri on his statement, but I do say that at least those who were responsible for it decided it was not workable in the form in which Congress passed it. I do not know whether it was due to the form in which it was written or the form in which it came out of conference, but they decided it could not work. I state again that in my opinion it was due to its inflexibility.

Mr. KEM. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. KEM. Was that not an exercise of the law-making power by the Executive which was condemned in such strong terms recently by the Supreme Court of the United States?

Mr. SPARKMAN. I do not wish to argue the point. I certainly agree with everything the Supreme Court said about the law-making powers. I believe very strongly in the three divisions of Government, and I do not believe that either one should encroach upon the other.

I am not going to argue about that with the Senator from Missouri. I assume there was some kind of loophole, as the Senator from Missouri himself has said, which permitted that particular procedure to be followed.

Mr. KEM. Mr. President, will the Senator from Alabama yield to me at this time?

Mr. SPARKMAN. I yield.

Mr. KEM. Was not the so-called loophole simply a provision which was inserted in conference and which enabled the President to make an exception in a particular case?

Mr. SPARKMAN. I assume that is so.

Mr. KEM. But instead of that, the President issued an Executive order suspending the operation of the entire act.

Mr. SPARKMAN. Yes; I assume that was the loophole to which the able Senator referred.

Mr. President, I return to the original point, namely, that so far as I am concerned, I believe that the Kem amendment, regardless of how good an objective it had—and I state again that I am in agreement with the objective which was sought to be attained by the Kem amendment—simply was inflexible. I believe that the amendment the Senator from Missouri has offered to this bill, likewise, is inflexible. It simply provides that trade shall be cut off; everything must be either black or white; there can be no gray.

Mr. KEM. Mr. President, will the Senator from Alabama yield further to me?

Mr. SPARKMAN. I yield.

Mr. KEM. Is it not true that the proposed amendment is mandatory in the sense that it provides that we shall not send any aid to countries that sell strategic war materials to Russia, the satellite nations, or Red China; the amendment is black or white in that sense, in that it is proposed as a mandatory law. However, it is not black or white in another sense, for it permits east-west trade to continue uninterrupted so long as such nations do not avail themselves of what they consider to be their privilege to sell what their customers want to buy, if what their customers want to buy are materials of war.

Mr. SPARKMAN. Mr. President, let me say to the able Senator from Missouri that I can visualize some cases to which I do not believe such a mandatory provision should be applied. I am not sure, but I believe the Senator from Missouri referred to a letter, or perhaps read a letter, which the President addressed to the Foreign Relations Committee.

Under the Battle Act, every time a determination is made to permit the shipment of strategic war materials—and I use the same term that the Senator from Missouri has used—the President, under the law, must report that determination to the Foreign Relations Committee of the Senate, as well as to other committees.

A determination of that sort was made in a case relating to the Netherlands. I believe the Senator from Missouri is familiar with that case.

Today, as I recall, the Senator from New Jersey read a letter, in the course of his remarks, or certainly made reference to a letter, dealing with the Netherlands situation.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. I yield.

Mr. SMITH of New Jersey. I placed the entire letter in the Record, and I referred to a part of the letter.

Mr. SPARKMAN. Yes.

The point I make is that that is one instance in which I believe there was justification for the determination which was made. Had the Kem amendment, which was inserted by the Senate in the Mutual Security Act, been in effect, the President would not have been able to make that determination.

That case involved the final shipment of some tools and machinery for the exploration and drilling of oil wells. Cer-

tainly such materials are on the forbidden list; they are on the "number one" list under the Battle Act. However, that case related to the final shipment of materials under a contract which was entered into in good faith away back in 1949, and those materials represented a relatively small part of the over-all contract. Before making a determination, the President, or someone acting for him, consulted with the oil industry in the United States, to determine how important that matter was. It was on the basis of the testimony collected from those experts that the determination was made and the report was made to the Senate Foreign Relations Committee, the House Foreign Affairs Committee, the Senate Appropriations Committee, the House Appropriations Committee, the Senate Armed Services Committee, and the House Armed Services Committee. Never have I heard a single protest from any member of any of those six committees against that determination.

Yet, Mr. President, had the Kem amendment been in effect, that determination could not have been made.

In other words, that is one of the cases which, under the Kem amendment, would have been completely black; there could have been no gray or no white in it.

Mr. KEM. Mr. President, will the Senator from Alabama yield to me at this point?

Mr. SPARKMAN. I yield.

Mr. KEM. I wish to express the hope that before the Senator from Alabama concludes his very interesting address, he will advise us as to his views regarding the large movement of ball bearings and machine tools and iron and steel from our friends and allies in Western Europe to Russia and the satellite countries.

Mr. SPARKMAN. Mr. President, before going further, I wish to read into the Record at this point an excerpt from the Battle Act. The Senator from New Jersey placed the entire act in the Record, along with the Kem amendment. However, for the benefit of Senators who now are on the floor, I wish to read the statement of policy contained in the Battle Act. It states what we really are driving at, and I wish to ask any Senator whether he differs with the policy and the objectives as thus set forth under the following statement of policy:

SEC. 101. The Congress of the United States, recognizing that in a world threatened by aggression the United States can best preserve and maintain peace by developing maximum national strength and by utilizing all of its resources in cooperation with other free nations, hereby declares it to be the policy of the United States to apply an embargo on the shipment of arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination—

Mr. CONNALLY. Mr. President, will the Senator from Alabama yield to me at this point?

Mr. SPARKMAN. I yield to the chairman of the committee.

Mr. CONNALLY. Does not that provision represent a distinct step forward? In that provision we pick out by name the Union of Soviet Socialist Republics. It is an unusual thing for one government to denounce and placard the shortcomings of another nation. That shows our purpose.

Mr. SPARKMAN. That is true; we name the Union of Soviet Socialist Republics, and we also refer each time to other "countries under its domination"—in other words, its satellites.

Mr. CONNALLY. That is correct.

Mr. SPARKMAN. Yes, that is true.

Mr. President, it occurs to me that there could not be a better or more distinct statement of policy than that one.

I submit, as I have said before, that the objective of that act is the same one toward which the Senator from Missouri has been driving in connection with the various and sundry amendments he has offered from time to time.

Mr. KEM. Mr. President, will the Senator from Alabama yield to me at this point?

Mr. SPARKMAN. I yield.

Mr. KEM. Will the Senator from Alabama permit me to point out this difference in the objective: The Battle Act places a ban on arms and armaments and atomic-energy materials, and provides that we shall not give aid to any country that is furnishing arms, armaments, or atomic-energy materials to Russia or the satellite nations; but the Battle Act goes on to give to the President discretion to furnish aid to countries that are selling other strategic war materials to Russia or the satellite countries.

My position is that from our standpoint—the standpoint of the American taxpayers and the standpoint of the American men in Korea—there is no essential difference between arms and armaments and atomic-energy materials, and other strategic war materials; that we are aiding and abetting the Communist war effort just as much when we send them rubber or machine tools or ball bearings as we do when we send them guns or atomic-energy materials, or other armaments; that there is no essential difference, from their standpoint or from our standpoint between whether they are obtaining the finished product or whether they are obtaining elements essential for manufacture of the finished product. The Battle Act puts a definite ban on the shipment of arms, armament, and atomic-energy materials. As the Senator from New Jersey has very well described it, there is no black and white in the Battle Act with reference to these materials. What I want to do is to extend the same mandatory treatment to other strategic war materials. I do not see how we can stand by and send strategic war materials, which the British say their customers want to buy, to Russia and the satellites, when our boys are dying in Korea.

Mr. SPARKMAN. Mr. President, I, of course, had not gotten to that point, namely, the three different types of materials under the Battle Act. I was mak-

ing reference solely to the statement of policy, which, as I have said, had the same objective as the Kem amendment.

Mr. KEM. Mr. President, will the Senator yield?

Mr. SPARKMAN. Yes, I yield; but I should like to get started on my statement, so I can conclude.

Mr. KEM. Will the Senator permit me to make a brief statement at that point?

Mr. SPARKMAN. Yes.

Mr. KEM. I wholly disagree with the statement of policy, the objective, of the Battle Act. The objectives I have in mind are not the same, because the Battle Act is designed to put a definite ban only on arms, armament, and atomic-energy materials, whereas I want to put a definite ban on those areas with respect to strategic war materials.

Mr. SPARKMAN. Of course, Mr. President, I do not agree with the Senator from Missouri as to the limitations he implies to the Battle Act; but, be that as it may, under the Battle Act and under the administration of that act as it is now being enforced, and has been for the past few months, so far as I know, the only actual determination that has been made and reported to our committee is the one I described briefly a few moments ago, the one with respect to the Netherlands. But there are three classes, three categories of strategic items, the export of which to the Soviet bloc is now controlled by the principal Western European countries, in keeping with the Battle Act. Those three are:

First. Primary strategic items such as arms, ammunition, implements of war, atomic energy materials, petroleum, advanced machine tools, and numerous metals, chemicals, transportation, equipment and electronic and chemical plant equipment which are themselves used directly in the warfare or are essential in the production of materials which contribute directly to war potential of the Soviet bloc;

Second. Items of secondary strategic importance in the same general categories as those of primary strategic importance but representing a lower order of strategic value which becomes significant only when exports of such an item reach a substantial level; and

Third. Commodities known to be of strategic importance but for which the importance to the Soviet bloc has not been clearly established; this group includes many commodities of quite general industrial usage where the strategic importance is usually an indirect contribution.

Mr. President, I believe the figures have been supplied already as to the progress which has been made in cutting down the shipments within those various categories. For instance, shipments of primary strategic items were reduced from \$7,500,000 in 1951, to \$250,000 for the first 4 months of 1952. If that rate is to continue throughout this calendar year, it will mean a 90-percent reduction in the first category.

The shipment of items of secondary strategic importance was reduced from \$85,000,000 in 1950 to \$50,000,000 in 1951, or a reduction of 40 percent. It is ex-

pected that exports for 1952 will not exceed \$35,000,000, a reduction of 60 percent, as compared to the 1950 level, and 30 percent, compared to the 1951 level. The latter reduction is expected to result from only partial shipments over the low level of quotas for those items, and the severity of criteria governing shipments of 21 of these items which are not subject to quotas.

Mr. President, I submit that those statistics show very good progress under a system that not only says that this is our objective, that this is what we want to do, but which also sets up the machinery with which to do it; and the Battle Act sets up the machinery.

The Kem amendment simply says, "You shall not do it." The Battle Act provides for an administrator to carry it into effect, and tells him what to do, and it then lends that very essential characteristic which the Kem amendment does not, namely, recognition that sometimes a case may not be all white or all black, but may be in between.

There are instances, Mr. President, when the security of our own country might very well be served by allowing trade and shipments which, if we had complete control of the entire situation all over the world, we would not allow at all. I submit that the Battle Act provides a sensible, flexible means for handling this very vexing problem, and that it is working. It has not had much time to be tried out, only a few months, but during those few months it has shown that it is capable of working, and that it is working.

Mr. President, I shall not take any more time of the Senate. I think this question has been thoroughly discussed. I simply make a last-minute appeal that a chance be given to try out this law, which was written after careful study by two legislative committees in an effort to regulate this trade, which was troublesome and vexatious. Let us give it a chance to prove itself. I believe it will prove itself, but if it does not, I certainly shall join with the Senator from Missouri in trying to work out machinery which will do the thing he wants done, the thing I want done, and the thing I believe the great majority of both Houses of Congress want to see done.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. WATKINS. Mr. President, the senior Senator from Missouri [Mr. KEM] has performed a great service to the country in bringing to the attention of the Senate and the American people the facts with respect to the threat the Communist countries have offered to the nations of the world, and particularly to those we are aiding under the Mutual Security Program.

I voted for the original Kem amendment. I opposed and voted against the so-called Battle bill which killed the Kem amendment.

I voted in favor of the Kem amendment when it was again before the Senate a few days ago. I favor it now. I sincerely regret that the House and Senate conferees did not retain this amendment as part of the Mutual Security Act,

It would have served as a warning to our allies that the nefarious trade with the satellite nations in armaments and materials which can be used to build up the war potential of our enemies is in great disfavor in this country, and in the event that it should be carried on in the future, these countries can expect no aid from us.

Mr. President, I also voted for cuts in the total sum of the authorization contained in this measure. I am convinced that the administration came to the Congress with greatly padded requests. I think that is one reason why General Eisenhower felt there would not be too great damage done if the cut did not extend beyond \$1,000,000,000. What has happened seems to be that the administration now gets in this bill authorization for the amount it really expected to get in the beginning. I distrust as being insincere the criticisms of the President and others that we are seriously crippling the foreign-aid program by making the reductions that have been made in this bill. The total amount of this authorization, in my opinion, could have been reduced another billion dollars without serious hurt to the joint effort of our allies to prepare themselves for defense.

In this connection, I invite attention to the fact that Mr. Harriman, the Administrator of the program, has now on hand approximately \$12,000,000,000 of unexpended funds. There has never been a time when they have been out of money.

I have voted for the various foreign-aid programs with appropriate economies ever since I have been in the Congress, even though I have disagreed with many of the features of these programs and the way they have been carried out. I am convinced that since the Congress has adopted this policy, we must give it support notwithstanding the fact that the measure as reported by the House and Senate conferees is sadly lacking in many respects. Despite these objections I feel that the over-all program must be supported. Therefore, Mr. President, I shall vote for the conferees' report. I find no parliamentary opportunity to disapprove the specific items in the conference report without voting against the entire report. It is because of my approval of the over-all program that I feel that I should vote for it, notwithstanding its many defects.

Mr. SMITH of New Jersey. Mr. President, there is one little item which I should like to have put into the RECORD. It is under the heading of "Technical cooperation," and I should like to read this very brief statement:

The House bill contained a provision which would have limited dollar expenditures for supplies and equipment under the act for international development in any country to three times the dollar costs for personnel. This provision was dropped by the committee of conference. While it is essential that the technical cooperation program not be converted into a type of worldwide economic aid program, and that a reasonable ratio of supplies and equipment to personnel be maintained on an over-all basis, the conference committee felt that the TCA Administrator must not be deprived of sufficient flexibility to deal with particular situations in areas of vital importance to the United States.

Mr. KEM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KEM. Mr. President, I ask unanimous consent that the order for the quorum call be vacated, and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The question is on agreeing to the conference report.

Mr. KEM. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Connecticut [Mr. BENTON], the Senator from Illinois [Mr. DOUGLAS], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Oklahoma [Mr. MONRONEY] are absent on official business.

The Senator from Tennessee [Mr. KEFAUVER] and the Senator from Georgia [Mr. RUSSELL] are absent by leave of the Senate.

The Senator from Connecticut [Mr. McMAHON] is absent because of illness.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a delegate from the United States to the International Labor Organization Conference.

I announce further that if present and voting, the Senators from Connecticut [Mr. BENTON and Mr. McMAHON], the Senator from Illinois [Mr. BRICKER], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Montana [Mr. MURRAY], and the Senator from Georgia [Mr. RUSSELL] would each vote "yea."

Mr. FERGUSON. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from Ohio [Mr. BRICKER], the Senators from Indiana [Mr. CAPEHART and Mr. JENNER], the Senator from Kansas [Mr. CARLSON], the Senator from Vermont [Mr. FLANDERS], the Senator from Iowa [Mr. HICKENLOOPER], the Senators from Massachusetts [Mr. LODGE and Mr. SALTONSTALL], the Senator from Wisconsin [Mr. MCCARTHY], the Senator from Nebraska [Mr. SEATON], and the Senator from Delaware [Mr. WILLIAMS] are necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Montana [Mr. ECKRON], and the Senator from North Dakota [Mr. LANGER] are absent on official business.

The Senator from Vermont [Mr. AIKEN], the Senator from Washington [Mr. CAIN], and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate.

If present and voting, the Senator from Vermont [Mr. AIKEN], the Senator from Maine [Mr. BREWSTER], the Senator from Washington [Mr. CAIN], the Sena-

tor from Vermont [Mr. FLANDERS], the Senator from Massachusetts [Mr. LODGE], the Senator from Wisconsin [Mr. MCCARTHY], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Nebraska [Mr. SEATON] would each vote "yea."

The result was announced—yeas 59, nays 11, as follows:

YEAS—59

Anderson	Holland	Mundt
Butler, Md.	Humphrey	Neely
Byrd	Hunt	Nixon
Case	Ives	O'Connor
Chavez	Johnson, Colo.	O'Mahoney
Clements	Johnson, Tex.	Pastore
Connally	Kerr	Robertson
Duff	Kilgore	Smathers
Eastland	Knowland	Smith, Maine
Ellender	Lehman	Smith, N. J.
Ferguson	Long	Smith, N. C.
Frear	Magnuson	Sparkman
George	Maybank	Stennis
Gillette	McCarran	Taft
Green	McClellan	Thye
Hayden	McFarland	Tobey
Hendrickson	McKellar	Underwood
Hennings	Millikin	Watkins
Hill	Moody	Wiley
Hoey	Morse	

NAYS—11

Bennett	Dworshak	Martin
Butler, Nebr.	Johnston, S. C.	Schoeppel
Cordon	Kem	Welker
Dirksen	Malone	

NOT VOTING—26

Aiken	Ecton	McMahon
Benton	Flanders	Monroney
Brewster	Fulbright	Murray
Bricker	Hickenlooper	Russell
Bridges	Jenner	Saltonstall
Cain	Kefauver	Seaton
Capehart	Langer	Williams
Carlson	Lodge	Young
Douglas	McCarthy	

So the report was agreed to.

THE CHINA LOBBY

Mr. MORSE. Mr. President, on April 10, 1952, I placed in the CONGRESSIONAL RECORD certain excerpts from documents which I believed to be not only pertinent and relevant to Senate Resolution 170, introduced on July 6 last by myself and the senior Senator from Connecticut, but also, in my judgment, indicative of a real need for a reappraisal of our far-eastern policy.

I stated at that time that I was convinced that the translations of the documents which I placed in the RECORD were authentic, and I invited those who might be skeptical about the authenticity of the documents, or who might question the veracity of the sources, to verify the photostatic copies of the originals with the asserted authors.

Later, on April 16, I placed in the CONGRESSIONAL RECORD without comment a letter to me from the Office of the Military Attaché, Chinese Embassy, dated April 11, 1952, and a letter from William A. Roberts, of the law firm of Roberts & McInnis, in Washington, D. C., dated April 12, commenting on the April 11 letter from the Chinese officials and on the translations which I had earlier put into the RECORD. The letter from the Chinese Embassy was signed by Chen Chih-mai and Peter T. K. Pee. According to my information, these two individuals were the authors of the documents, excerpts from which I had put

into the RECORD April 10. In their letter of April 11 these two gentlemen connected with the Chinese Embassy stated that I had been misled regarding the authorship of the documents; and although they did not specifically deny such authorship, they implied such a denial.

Since my statement of April 16 I have received still another communication, dated May 3, from Chen Chih-mai and Peter T. K. Pee, which I would like to insert in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CHINESE EMBASSY,
OFFICE OF THE MILITARY ATTACHÉ,
Washington, D. C.

Senator WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SENATOR MORSE: We are writing belatedly to thank you for reading our letter of April 11 into the CONGRESSIONAL RECORD of April 16, 1952. We are indeed pleased that you are approaching the question fairly and without prejudice.

The most serious charge against the so-called China lobby, if such exists, is that American taxpayers' money made available to China through aid programs might have been used to influence American opinion. Such a charge is without foundation at all. On this question we wish to bring to your attention a letter to the editor of the Christian Science Monitor, a copy of which is enclosed. The letter appeared in the May 1, 1952, issue of the Monitor without change.

You must have also noted the series of two articles published recently by the magazine the Reporter. After the completion of the series, the press officer of the Chinese Embassy, on April 18, 1952, issued a brief statement, a copy of which is enclosed. On April 20, 1952, Chen Chih-mai of the Chinese Embassy also issued a statement in Chinese which was published in the Chinese newspapers in New York City on April 22, 1952. The reason why the statement was made only to the Chinese newspapers was that only those papers carried the contents of the two articles of the Reporter. You will please notice that Chen's statement refuted specifically and categorically three allegations made by the magazine concerning him as being without foundation whatsoever. We are enclosing an English translation of the statement for your information.

With further reference to the documents which you included in your Senate speech of April 10, 1952, we wish to point out that no reliable and reputable publication has so far reproduced the photostatic copies of certain originals, as you had predicted on the Senate floor. The only thing approaching such reproduction is found in the May 13 issue of the Reporter, which shows a photostatic copy of some writings in Chinese on the stationery of the Chinese Embassy. You must have noted that, in the photostatic reproduction, the name of the alleged sender, Chen Chih-mai or T. K. Pee, and the name of the alleged receiver, Generalissimo Chiang Kai-shek, do not appear at all. It will be recalled that, when you read the same alleged cable message in the Senate, you had attached the name of Chen Chih-mai at the end. The photostatic reproduction does not bear that name at all.

As you well know, the Reporter articles made considerable use of the documents you included in your Senate speech. But the alleged texts and authorship of them were altered in many instances. As one example, the magazine (issue of April 15, p. 18) announced that another cable from Chen to Chiang appeared on page 21. But

there is nothing of the sort on page 21. Instead, there is an alleged cable from Pee to Chiang. A little research shows that, in an earlier edition, that cable was indeed attributed to Chen, but in a later edition it was attributed to Pee.

As another example, when you quoted the alleged cable message of November 28, 1949, beginning with "Congressman Judd gave us secret information," you attributed it to Chen Chih-mai, while the Reporter, quoting the same alleged cable message, dropped the word "secret," and attributed it to T. K. Pee instead. Someone has taken fantastic liberties with our names. These instances only underline our previous statement that these alleged cable messages were not signed by either one of us, and that our names were arbitrarily added by somebody and were fraudulently peddled to you as authored by us.

We do not wish to bother you with further details about so ridiculous a situation. We trust that your interest in the truth will prevail over obvious attempts to mislead you. The CONGRESSIONAL RECORD is an official document of the highest authority. It is to our own interest, as we presume it is also to yours, to keep its contents truthful.

Faithfully yours,

CHEN CHIH-MAI,
T. K. PEE.

Mr. MORSE. It will be noted that in the May 3 letter, the writers, using rather careful language, now say that, "these alleged cable messages" which I had put into the RECORD "were not signed by either one of us, and that our names were arbitrarily added by somebody and were fraudulently peddled to you as authored by us."

This is indeed a very serious charge. On the face of it, individuals in high position with the Chinese Embassy in Washington are accusing those who made the documents available to me of perpetrating a fraud and a hoax upon me. On the other hand, if my sources are correct, Chen Chih-mai and T. K. Pee as representatives of the Republic of China on Formosa, have deliberately and knowingly lied to a United States Senator.

In these circumstances, I have again checked very carefully with my sources. They have informed me that during the years 1949 and 1950, there existed a group of five officials of the Chiang Kai-shek government who regularly communicated with Chiang Kai-shek himself in secret code under the collective name of "Kung". The five individuals comprising this intelligence group were: K. H. Yu, who I understand is a delegate to the International Bank for the Republic of China; C. M. Chen, who is the same person as Chen Chih-mai; Gen. Peter T. K. Pee, military attaché at the Embassy; W. K. Lee, who is an official of the Far Eastern Commission representing the Republic of China, and Lt. Gen. P. T. Mow, who was deputy commanding general of the Chinese Air Force in charge of the Chinese Air Force office in the United States of America. My informants state that these individuals would pool their intelligence, and usually in the presence of each other would draft in longhand in Chinese a proposed cable to Chiang Kai-shek, care of Chow Hungtai, Chiang's confidential secretary, reflecting their appraisal of the American political and

military situation, and their recommendations to Chiang Kai-shek. The great majority of the cables so prepared during 1949 and 1950 were in the handwriting of Chen Chih-mai. A few were in the handwriting of General Pee, General Mow, and Mr. Yu. After the handwritten draft of a cable had been agreed upon, it was then turned over to a cable officer who made his own clear copy and then encoded the document for transmission to Chiang Kai-shek.

I have had photostats of the original drafts in the handwriting of the authors compared with the code officer's copies for encoding, and I am advised by the Foreign Affairs Section of the Legislative Reference Service that the texts are the same, although, of course, the handwriting differs. My sources have prepared for me a master index of approximately 200 pages of cables identifying the actual handwriting of Chen, Mow, Yu and Pee, as it appears on the photostats of the original drafts. In numerous places in the texts of the draft cables there will be the actual name of the author in his own handwriting. My informants tell me there is absolutely no question about the identification of the handwriting of these four gentlemen. They tell me that over the years they have seen hundreds of examples of the authors' handwriting and that it is even more difficult to forge Chinese ideographs than it is to forge our own form of writing.

In view of the contradiction which exists between the statements made to me by Chen Chih-mai and T. K. Pee, and by my own sources, I have asked the State Department to investigate the authenticity of the documents which have been handed to me. If this investigation should establish that Chen Chih-mai and T. K. Pee are telling the truth, I shall be the first to announce it publicly in fairness to them and their positions in the Embassy. If, on the other hand, their authorship of these documents is established, it would seem that our Government should take whatever diplomatic steps are appropriate in order to obtain the recall to Formosa of these individuals as persona non grata to the United States. Obviously, individuals connected with a foreign embassy should not be allowed to mislead and misinform a United States Senator.

Last Friday, June 6, 1952, the junior Senator from Washington [Mr. CAIN] placed in the RECORD some 23 pages of material on this so-called China lobby subject, including translations of cables supplied by Mr. Chen Chih-mai and Gen. Peter T. K. Pee. I do not know who made the translations placed in the RECORD by the junior Senator from Washington, but since he states that he asked for and obtained the file of cables offered by Chen Chih-mai and General Pee in their April 11 letter to me, I would suppose that a fair inference is that the translations were made by them or under their supervision. I did not avail myself of their generous offer, since I thought it advisable to have the Library of Congress give me impartial translations of the photostats of the original Chinese documents, rather than depend

on English versions supplied by one side of the controversy. At a later date, I hope to present in parallel columns, for comparative purposes, the translated version as supplied to the junior Senator from Washington and the version given me by the Library of Congress.

In this connection, and with further reference to Senate Resolution 170, I intend at an early date to introduce into the RECORD additional translations of cables which I think will be of considerable interest to the Senate. For example, one of these cables which is represented to be in the handwriting of Chen Chih-mai, and is dated December 5, 1949, after discussing the visit to the United States of Acting President Li of the Republic of China, and rumors regarding the possible resignation of Secretary of State Acheson, says:

Our hope of a world war so as to rehabilitate our country is unpalatable to the [American] people.

Interestingly enough, the comparable portion of the translation of this cable inserted by the junior Senator from Washington, reads as follows—page 6860, bottom of first column:

The United States does not like the idea of the Chinese waiting for another world war in order to restore them to power.

There are a number of other substantial differences between the version inserted by Senator CAIN and that supplied me by the Library of Congress, all of which will become apparent in due time.

Another cable also said to be in the handwriting of Chen Chih-mai and dated September 30, 1950, after the outbreak of the Korean war, reflects a change in attitude by Chiang Kai-shek from the humility of a defeated general to the arrogance of a bitter man seeking to take advantage of a situation embarrassing to his allies. The cable comments that—

Hereafter our negotiations with America should be conducted in an open way, because the American authorities do not have good intentions with us. We will suffer from any secret agreement which can be changed at any time.

The cable writer later says in the same cable:

From our own point of view, if the American troops cross the thirty-eighth parallel and the Chinese Communists send reinforcements to help the North Koreans, then our position will become very important. In that event our friends here think we should not make commitments too easily; that requests for cooperation and facilities from us by America should be based on a quid pro quo basis.

In the context of this seeming desire for a third world war should also be considered cables dated September 1, 1945, and December 6, 1946, from the commanding general of the Chinese Air Force to the Chinese Air Force Office in the United States of America. Copies of these two cables which have been supplied to me indicate that as early as 3 weeks after the Hiroshima explosion of an atomic bomb, Chiang Kai-shek's subordinate, Gen. C. J. Chown, was instructing his officers in Washington, D.

Public Law 400 - 82d Congress
Chapter 449 - 2d Session
H. R. 7005

AN ACT

All 66 Stat. 141.

To amend the Mutual Security Act of 1951, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1952".

SEC. 2. Section 2 of the Mutual Security Act of 1951 is amended by inserting "(a)" after the section number and by adding at the end thereof a new subsection as follows:

"(b) The Congress welcomes the recent progress in political federation, military integration, and economic unification in Europe and reaffirms its belief in the necessity of further vigorous efforts toward these ends as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures for political federation, military integration, and economic unification in Europe. Appropriations made pursuant to paragraphs 101 (a) (1), relating to military assistance, and 101 (a) (2), relating to defense support and economic assistance, of this Act may be used, pursuant to the applicable terms and conditions of the Mutual Defense Assistance Act of 1949, as amended, and of section 503 of this Act, respectively, to furnish assistance (including, in the case of amounts available pursuant to paragraph 101 (a) (2), transfers of funds) to any of the following organizations: (A) The North Atlantic Treaty Organization, (B) the European Coal and Steel Community, (C) the organization which may evolve from current international discussions concerning a European defense community."

SEC. 3. Title I (relating to Europe) of the Mutual Security Act of 1951 is amended as follows:

(a) In paragraph 101 (a) (1), insert ", for Spain," after "parties to the North Atlantic Treaty".

(b) At the end of section 101 (a) (1), which relates to military assistance for Europe, add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$3,415,614,750, for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) to countries eligible for assistance under this paragraph; and in addition unexpended balances of any appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(c) Amend section 101 (a) (2), which relates to defense support and economic assistance for Europe, to read as follows: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$1,282,433,000 to provide assistance to any country covered by paragraph (1) of this subsection and to any other country covered by section 503 of this Act in accordance with the provisions of such section; and in addition unexpended balances of appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

(d) At the end of section 101, add the following new subsection:

"(c) Not less than \$25,000,000 of the funds made available under authority of subsections (a) and (b) of this section shall be used for economic, technical, and military assistance to Spain in accordance with the provisions of this Act. Unexpended balances of appropria-

Mutual
Security
Act of 1952.
65 Stat. 373.
22 U.S.C.
§ 1651.

Infra.

63 Stat. 714.
22 U.S.C.
§§ 1571 note,
1654.

Europe.

22 U.S.C.
§ 1681.

Spain.

All 66 Stat. 142.

tions made available for assistance to Spain pursuant to this section by the Act of October 31, 1951 (Public Law 249, Eighty-second Congress), are authorized to be continued available until June 30, 1953."

65 Stat. 730.
Near East and
Africa.

22 U.S.C.
§ 1691.

SEC. 4. Title II (relating to the Near East and Africa) of the Mutual Security Act of 1951 is amended as follows:

(a) At the end of section 201, which relates to military assistance for the Near East area, add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$560,316,500, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

22 U.S.C.
§ 1693.

(b) Amend section 203, which relates to economic and technical assistance for the Near East and Africa, to read as follows: "In order to further the purpose of this Act in Africa and the Near East there is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$50,822,750 to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized. Funds appropriated pursuant to this section shall be available under the applicable provisions of section 503 of this Act and the Act for International Development (22 U. S. C. 1557)."

22 U.S.C.
§ 1654.
64 Stat. 204.
22 U.S.C.
§ 1695.
Refugees.
22 U.S.C.
§ 1694.

(c) After section 205 add the following new section:

"SEC. 206. In addition to the amounts authorized by section 203, there is hereby authorized to be appropriated not to exceed \$60,063,250 for carrying out the purposes and provisions of section 204 of this Act, relating to Palestine refugees, during the fiscal year 1953; and not to exceed \$70,228,000 for carrying out the purposes and provisions of section 205 of this Act, relating to refugees in Israel, during the fiscal year 1953: *Provided*, That amounts appropriated pursuant to this section which the President finds cannot be effectively expended to carry out the purposes and provisions of sections 204 and 205 may be transferred to and merged with the appropriations authorized by section 203."

Asia and
Pacific.
22 U.S.C.
§ 1701.

SEC. 5. Title III (relating to Asia and the Pacific) of the Mutual Security Act of 1951 is amended as follows:

(a) At the end of section 301, which relates to military and other assistance for Asia and the Pacific, add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$564,807,500, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

22 U.S.C.
§ 1702.

(b) In the second sentence of section 302 (a), which relates to economic and technical assistance for Asia and the Pacific, strike out the words "the applicable provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), and" and insert in lieu thereof "the applicable provisions of section 503 of this Act and the applicable provisions" and at the end of such subsection add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$202,778,250, to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of section 503 of this Act and not to exceed \$118,634,250 to carry out the purposes and provisions of

62 Stat. 137.
22 U.S.C.
§ 1654.

this subsection in accordance with the applicable provisions of the Act for International Development (Public Law 535, Eighty-first Congress); and in addition unexpended balances of any appropriations heretofore made pursuant to this subsection are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.

(c) At the end of section 302 (b), concerning Chinese and Korean students in the United States, add the following new sentence: "Unexpended balances of allocations heretofore made to the Secretary of State pursuant to that proviso shall be continued available until expended."

(d) In the first sentence of section 303 (a), authorizing the appropriation of \$45,000,000 for Korean relief, after the words "to be appropriated to the President" insert the words "for the fiscal year 1953".

(e) In the second sentence of section 303 (a) strike out "1952" and insert "1953".

(f) Immediately before the last sentence of section 303 (a) insert the following: "In addition, the United States Department of the Army is hereby authorized to make available to the United Nations Korean Reconstruction Agency, at the time when that agency assumes full responsibility for relief and rehabilitation in Korea, goods and services of a value not to exceed \$67,500,000 which the Department of the Army then has on hand or on order for civilian relief in Korea and which the President determines should be contributed by the United States to the United Nations Korean Reconstruction Agency for use in its relief and rehabilitation operations in Korea. The value of goods and services made available pursuant to the preceding sentence shall be credited toward the contribution to be made by the United States to the United Nations Korean Reconstruction Agency."

(g) The last sentence of section 303 (b), which provides for reduction in United States contributions to Korean relief by the amounts made available by United States agencies, is hereby repealed.

Sec. 6. Title IV (relating to Latin America) of the Mutual Security Act of 1951 is amended (1) by adding at the end of the center heading "AND NON-SELF-GOVERNING TERRITORIES OF THE WESTERN HEMISPHERE", (2) by inserting after "Republics" in section 402 the words "and non-self-governing territories of the Western Hemisphere", and (3) by adding at the end of such title the following new section:

"Sec. 403. In addition to the amounts heretofore authorized and appropriated, there are hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$57,685,750 to carry out the purposes and provisions of section 401, which relates to military assistance for Latin America, and not to exceed \$20,329,000 to carry out the purposes and provisions of section 402, which relates to technical assistance for Latin America. In addition, unexpended balances of the appropriation heretofore made pursuant to each such section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the applicable appropriation authorized by this section."

Sec. 7. Title V (relating to organization) of the Mutual Security Act of 1951 is amended as follows:

(a) Section 522, which requires that at least 10 per centum of the funds for aid pursuant to the Economic Cooperation Act of 1948, as amended, be in the form of loans, is hereby repealed.

(b) In paragraph (3) of section 501 (a), insert before the period at the end thereof the following: "and the supervision, coordination, and evaluation of all reports prepared by agencies of the United States

64 Stat. 204.
22 U.S.C.
§ 1557 note.

Chinese and
Korean
students in
U.S.
22 U.S.C.
§ 1547.
U.N. Korean
Reconstruction
Agency.
22 U.S.C.
§ 1703.

American
Republics.

22 U.S.C.
§ 1712.

22 U.S.C.
§ 1711.

Organization.
22 U.S.C.
§ 1509(c).
62 Stat. 137.
22 U.S.C.
§ 1501 note.
Director.
22 U.S.C.
§ 1652.

Government in the course of their operations under this Act, in order to prevent duplication of effort and to insure a reduction of reporting requirements to the minimum essential for effective operation".

22 U.S.C.
§ 1654.

(c) Amend section 503 by inserting "(a)" after "503", by redesignating paragraphs (a), (b), and (c) as (1), (2), and (3), respectively, and by adding at the end thereof the following new subsection:

"(b) (1) Except as provided in paragraph (2), the Economic Cooperation Act of 1948, as amended, is repealed.

22 U.S.C.
§ 1653.
62 Stat. 137.
22 U.S.C.
§ 1501 note.

"(2) Of the powers, functions, and responsibilities transferred to the Director for Mutual Security by section 502 (b) (2) of this Act, only those which are exercised pursuant to the provisions of the Economic Cooperation Act of 1948, as amended, enumerated in paragraph (3) of this subsection and are not in conflict with the other provisions of this Act; as amended, may be exercised after June 30, 1952. Of the powers, functions, and responsibilities conferred on the President or the Secretary of State by the Economic Cooperation Act of 1948, as amended, only those conferred by the provisions of that Act, as amended, which are referred to in paragraph (3) of this subsection may be exercised after June 30, 1952.

"(3) The provisions of the Economic Cooperation Act of 1948, as amended, referred to above are the following: Sections 104 (e) and (f); 105 (c); 107; subsections (a), (c), and (d) of section 109; 110 (a) and (b); 111; 112; 113; subsections (d), (h), and (i) of section 114; 115 (a); 115 (b), except the first sentence thereof; subsections (d), (h), and (j) of section 115; section 117 (c); 118; 119; 120; and subsection (a) of section 121. Where any of the above provisions refer to the purposes of the Economic Cooperation Act of 1948, as amended, such reference shall be deemed to be to the purpose of this Act, as amended."

Personnel.
22 U.S.C.
§ 1655.

22 U.S.C.
§ 801 note.

(d) In section 504 (a), strike out all after "Senate" and insert in lieu thereof a period and the following sentences: "The Deputy Director shall receive compensation of \$17,500 per annum. The Special Representative in Europe shall receive the same compensation and allowances as a Chief of Mission, class 1, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and have the rank of Ambassador Extraordinary and Plenipotentiary. The Deputy Special Representative in Europe shall be entitled to receive the same compensation and allowances as a Chief of Mission, class 3, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and have the rank of Ambassador Extraordinary and Plenipotentiary."

63 Stat. 959.
5 U.S.C.
§ 1105.

(e) In section 504 (c), (1) strike out "transferred to or employed by the Mutual Security Agency" and insert in lieu thereof "employed in the United States on programs authorized by this Act" and (2) amend the second sentence of such subsection to read as follows: "Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended."

(f) Before the period at the end of section 504 (d), insert the following: "Provided further, That, ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this Act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 per centum less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense

engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of matériel: *Provided further*, That after the Director has determined the reduction to be effected in each agency, the determination as to which individual employees shall be retained shall be made by the head of the agency concerned".

(g) Amend section 506 (c) to read as follows:

"(c) Notwithstanding any other provision of law, beginning with July 1, 1952, the Secretary of Defense may furnish (subject to reimbursement from funds appropriated pursuant to this Act) military assistance out of the materials of war whose production in the United States shall have been authorized for, and appropriated to, the Department of Defense : *Provided, however*, That nothing in this Act shall authorize the furnishing of military items under this subsection in excess of \$1,000,000,000 in value. For the purposes of this subsection (1) 'value' shall be determined in accordance with section 403 (c) of the Mutual Defense Assistance Act of 1949, as amended, and (2) the term 'materials of war' means those goods, commonly known as military end items, which are required for the performance of their missions by armed forces of a nation, including weapons, military vehicles, ships of war under fifteen hundred tons, aircraft, military communications equipment, ammunition, maintenance parts and spares, and military hardware."

22 U.S.C.
§ 1657
Secretary of
Defense.

63 Stat. 717.
22 U.S.C.
§ 1574.

(h) Section 511 is amended by adding the following new subsection:

"(c) (1) The Congress of the United States finds that mutual security can be realized only to the extent that the countries who receive our aid do their utmost to help themselves and cooperate among themselves and with the United States to the fullest extent in achieving the objectives of the free world. In providing assistance under this Act, the Congress of the United States affirms the desire of the United States to continue to use its leadership and resources for the purpose of uniting the efforts of recipient countries to the end that positive accomplishments toward mutual security may be realized with a maximum of efficiency and a minimum of delay and cost.

22 U.S.C.
§ 1662.
Cooperative
action
requirement.

"(2) In addition to the provisions of subsections (a) and (b) of this section, the Director, in administering this Act, shall insure that, where necessary to the mutual security effort, no country shall receive any assistance hereunder unless it take decisive action to marshal its resources collectively, or individually where more suitable, with integration and unification plans in the appropriate area, and participate in programs which promote collective security in that area. The Director shall insure that, where suitable or necessary to the success of the mutual security effort, countries take adequate steps to mobilize their industries for mutual defense and gear their fiscal, budgetary, capital, political, and military resources to the objectives of this Act and take appropriate other steps toward self-help and mutual cooperation.

"(3) Assistance shall be given on a country-by-country basis to a degree and at a rate commensurate with the rate of progress made in the attainment of the objectives of this Act."

(i) In section 513, amend the heading to read "SPECIAL USE OF FUNDS", insert "(a)" after "SEC. 513.", and add at the end of such section the following new subsection:

Special use
of funds.
22 U.S.C.
§ 1664.

"(b) Not more than \$100,000,000 of the funds made available under the Mutual Security Act of 1952, of which not more than \$20,000,000 may be allocated to any one country, may be used or supplied without regard to any conditions as to eligibility contained in this Act, or any other Act for which funds are authorized by this Act, when the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign

Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination."

(j) Amend section 514 to read as follows:

"STRATEGIC MATERIALS

"SEC. 514. In order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world, the Director for Mutual Security is authorized to initiate projects for, and assist in procuring and stimulating increased production of, materials in which deficiencies or potential deficiencies in supply exist among nations receiving United States assistance."

(k) Amend section 516 by inserting "(a)" after "SEC. 516." and by adding at the end of such section the following new subsections:

"(b) To accomplish the purpose of clause (1) of subsection (a) of this section, under the coordination of the Director for Mutual Security, the Mutual Security Agency, cooperating with private business groups and governmental agencies to the fullest extent possible, shall encourage a greater participation by private capital in the guaranty program and shall develop broad criteria to facilitate such participation, including programs consistent with the purposes of the Act for International Development.

"(c) The Department of Commerce shall, in cooperation with such groups and agencies (including the International Bank for Reconstruction and Development), conduct a thorough study of the legal and other impediments, foreign and local, to private investment abroad, and the methods and means whereby those impediments can be removed or decreased and shall make recommendations thereon to the Director for Mutual Security.

"(d) The Department of State, in cooperation with other agencies of the Government concerned with private investment abroad, and taking into account the study and recommendations described in subsection (c) of this section, shall accelerate a program of negotiating treaties of commerce and trade, or other temporary arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to countries participating in programs under this Act.

"(e) The Technical Cooperation Administration, taking into account the study and recommendations described in subsection (c) of this section, shall encourage and facilitate a greater participation by private industrial groups or agencies in private contracts awarded by the Administration, and shall, in cooperation with the Department of Commerce and the Mutual Security Agency, find and draw the attention of private enterprise to opportunities for investment and development in underdeveloped areas.

"(f) The reports required by section 518 of this Act shall include detailed information on the implementation of this section."

(1) In section 519 (a), which permits the limited use of economic and technical assistance funds for the Near East, Africa, Asia, and the Pacific to acquire local currency, immediately after the words "may be advanced", insert the words "out of funds made available for assistance under section 503 of this Act".

(m) After section 531 add the following new sections:

"EXEMPTION FROM CONTRACT, ACCOUNTING, AND CERTAIN OTHER LAWS

"SEC. 532. The provisions of section 119 of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1517), which concern

22 U.S.C.
§ 1665.

22 U.S.C.
§ 1667.

Encouragement
of free
enterprise.

Reports.

22 U.S.C.
§ 1669.

Local currency

22 U.S.C.
§ 1670

22 U.S.C.
§ 1654.

22 U.S.C.
§ 1651 note.

exemption from contract and accounting laws, shall apply to the performance of functions authorized by this Act.

"SEC. 533. (a) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

Retired officers.
28 Stat. 205.
63 Stat. 802.
37 U.S.C.
§ 231 note.
65 Stat. 644.
22 U.S.C.
§ 1611 note.
47 Stat. 406.

"(b) Officers of the United States Public Health Service and officers of the Coast and Geodetic Survey, who are assigned for duty under this Act outside the continental limits of the United States, may receive the allowances and benefits provided for officers in the Foreign Service Reserve or Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801-1204), and may also receive salary differentials as provided in that Act computed on their basic pay under the Career Compensation Act of 1949, as amended (37 U. S. C. 231-320); and, in addition to any quarters furnished them by the Government, such officers may receive, during the period of their assignment for duty outside the continental limits of the United States, the allowance payable under section 302 (f) of the Career Compensation Act of 1949, as amended (37 U. S. C. 252 (f)).

60 Stat. 999.

"MOVEMENT OF MIGRANTS

"SEC. 534. In order to encourage further the movement of migrants from European countries having surplus population, there is hereby authorized to be appropriated to the President \$9,240,500 for use in making contributions for the calendar year 1953 to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe established at Brussels, Belgium, on December 5, 1951.

"OCEAN FREIGHT CHARGES ON RELIEF PACKAGES

"SEC. 535. The authority to pay ocean freight charges on shipments of relief supplies and packages under section 117 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1515 (c)), shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate: *Provided*, That this authority shall hereafter also be applicable to relief shipments by voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid to any country eligible for economic or technical assistance under this Act: *And provided further*, That not to exceed \$2,587,500 are authorized to be appropriated to the President for the fiscal year 1953 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended.

"INFORMATIONAL MEDIA GUARANTIES

"SEC. 536. The authority to make informational media guaranties under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, shall be fully continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate.

22 U.S.C.
§ 1509.

"LIMITATION ON FUNDS FOR PROPAGANDA

"SEC. 537. None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

"SMALL BUSINESS

"SEC. 538. (a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the Director for Mutual Security shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under this Act (other than funds authorized to carry out the provisions of the Mutual Defense Assistance Act of 1949, as amended) by making available or causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with funds authorized under this Act (other than funds authorized to carry out the provisions of the Mutual Defense Assistance Act of 1949, as amended), by making available or causing to be made available to prospective purchasers in the countries receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and by offering additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

"(b) There shall be continued in the Mutual Security Agency the Office of Small Business headed by the Special Assistant for Small Business to carry out the provisions of subsections (a) and (b) of this section. Each report transmitted to the Congress under section 518 shall include a report of all activities under this section. The Technical Cooperation Administration shall adopt the procedure of notifying American business, particularly small independent enterprises, of procurement and other information as far in advance as possible through the facilities of the Office of Small Business of the Mutual Security Agency. The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, such information to be furnished as far in advance as possible.

"(c) Section 112 (i) of the Economic Cooperation Act of 1948, as amended, is hereby repealed.

"LIMITATION ON USE OF COUNTERPART FUNDS

"SEC. 539. Except as otherwise specifically authorized by law, all counterpart funds of local currencies created by section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, and by Acts supplementary or amendatory thereto shall be expended only on programs to carry out the purposes for which new funds authorized by this Act would themselves be available."

SEC. 8. The Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), is further amended as follows:

63 Stat. 714.
22 U.S.C.
§ 1571 note.

22 U.S.C.
§ 1669.
Report.

22 U.S.C.
§ 1510.

22 U.S.C.
§ 1513.

(a) Before the period at the end of the proviso in the first sentence of section 403 (d), which authorizes the furnishing of \$1,000,000,000 worth of excess equipment to foreign nations, insert a comma and the words "and after June 30, 1952, by an additional \$200,000,000".

22 U.S.C.
§ 1574.

(b) Change section 408 (e), concerning reimbursable aid, to read as follows:

22 U.S.C.
§ 1580.

"(e) (1) The President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, materials, or services to: (A) nations eligible for assistance under title I, II, III, or IV of the Mutual Security Act of 1951; (B) a nation which has joined with the United States in a collective defense and regional arrangement; (C) any international military organization or headquarters if, in the opinion of the President, such assistance will further the purposes of this Act; or (D) any other nation not eligible to join a collective defense and regional arrangement referred to in clause (B) above, but whose ability to defend itself or to participate in the defense of the area of which it is a part, is important to the security of the United States: *Provided*, That, prior to the transfer of any equipment, materials, or services to a nation under this clause (D), it shall provide the United States with assurance that such equipment, materials, or services are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in the United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state: *Provided further*, That, in the case of any such transfer, the President shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

Transfer of
equipment,
materials,
etc.

Notification
of Congress-
sional Com-
mittees.

"(2) Whenever equipment or material is transferred from the stocks of, or services are rendered by any agency, to any nation or international organization as provided in paragraph (1) above, such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter. The fair value for the purpose of this paragraph shall not be less for the various categories of equipment or materials than the value as defined in subsection (c) of section 403: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than the value specified in paragraph (1) of that subsection plus (a) 10 per centum of the original gross cost of such equipment or materials; (b) the scrap value; or (c) the market value, if ascertainable, whichever is the greater. Before a contract is entered into, or rehabilitation work is undertaken, such nation shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided*, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid the United States by such nations, shall at no time exceed \$700,000,000.

Fair value.

22 U.S.C.
§ 1574.

All 66 Stat. 150.

22 U.S.C. § 1581. "(3) The provisions of section 409 of this Act shall not apply to equipment, materials, and commodities made available under this subsection."

22 U.S.C. § 1513. SEC. 9. Section 115 of the Economic Cooperation Act of 1948, as amended, is amended as follows:

Special accounts. (a) Before the period at the end of paragraph (6) of subsection (b) insert a colon and the following: "*And provided further*, That whenever funds from such special account are used by a country to make loans all funds received in repayment of such loans shall be redeposited in such special account".

(b) In subsection (h) strike out "5 per centum" and insert in lieu thereof "10 per centum".

(c) At the end of such section add a new subsection as follows:

Ante, p. 141. "(k) Of the funds appropriated pursuant to section 101 (a) (2) of the Mutual Security Act of 1951, as amended, (1) \$100,000,000 shall, to the maximum extent practicable consistent with the accomplishment of the policies and purposes of the Mutual Security Act of 1951, as amended, be expended in such manner and subject to such agreements as may be necessary to assure that the amounts of local currencies deposited under subsection (b) (6) as a result of such expenditure shall be used exclusively, in accordance with principles developed by the Administrator, to establish revolving funds which shall be available for making loans, and otherwise to carry out programs in furtherance of the objectives of section 516 of the Mutual Security Act of 1951, with a view to stimulating free enterprise and the expansion of the economies of those countries with equitable sharing of the benefits of increased production and productivity between consumers, workers, and owners; and (2) the Director for Mutual Security is authorized to transfer not exceeding \$2,500,000 to the Organization for European Economic Cooperation, to be used on terms and conditions to be specified by the Director in order to promote the objectives of section 516 of the Mutual Security Act of 1951, as amended."

Ante, p. 146.

SEC. 10. The Act for International Development is amended as follows:

22 U.S.C. § 1557b. (a) At the end of section 404 (b), as amended, which relates to contributions of not to exceed \$13,000,000 for 1952 to international organizations for technical cooperation programs, add the following proviso: "*Provided further*, That for the fiscal year 1953 not to exceed \$15,708,750 is authorized to be appropriated to the President for use in making contributions under this subsection."

22 U.S.C. § 1557k. (b) Change section 413 (a) thereof, which concerns the appointment of the Administrator of the Technical Cooperation Administration at a salary of \$15,000, to read as follows:

Technical Cooperation Administration. Personnel.

"(a) The President shall appoint, by and with the advice and consent of the Senate, an Administrator for Technical Cooperation, who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$16,000 per annum. The President may also appoint, by and with the advice and consent of the Senate, a Deputy Administrator for Technical Cooperation who shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Technical Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator. The Deputy Administrator shall receive compensation at a rate fixed by the President

63 Stat. 954.
5 U.S.C.
§ 1071 note.

without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum."

SEC. 11. Section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 App. U. S. C. 1641), is amended by striking out in the first sentence thereof "acquired as a result of such surplus property disposals," and inserting in lieu thereof "held or available for expenditure by the United States or any agency thereof (or deposited pursuant to agreements entered into pursuant to section 115 (b) (6) and 115 (h) of the Economic Cooperation Act of 1948, as amended), and not required by law or agreement with such government to be expended or used for any other purpose,"

SEC. 12. There is hereby authorized to be appropriated to the President not to exceed \$16,481,000 to enable him to make contributions to the United Nations International Children's Emergency Fund until December 31, 1953, in such manner and on such terms and conditions as he may deem to be in the interests of the United States to support international children's welfare work: *Provided*, That the contributions shall be made in such a manner as to give assurance that they will not exceed 33 $\frac{1}{3}$ per centum of contributions from all governments, including contributions made by governments for the benefit of persons located within territories under their control: *Provided further*, That none of the funds authorized shall be used in duplication of the activities of other agencies of the United Nations.

Approved June 20, 1952.

